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NEWS SUMMARY

GENERAL

Arrested Irishmen may be extradited

Irish police may seek to extradite Irishmen Michael Plunkett and Stephen King, both 30, arrested in Paris on arms and explosives charges.

They disappeared while on bail in Dublin on separate charges of possessing explosives and arms. Irish police believe, however, that the two could escape extradition under French law on the grounds that their offences were political.

Meanwhile, Mr Cathal Goulding, estranged husband of Mary Reid, the third person arrested, is trying to get custody of their nine-year-old son.

Syrian MiG down

Israeli fighters shot down a Syrian MiG 25 jet a few miles east of Beirut as the last Syrian troops left the city. Page 3

Egypt reshuffle

Egypt's Premier Dr Fuad Mohieddin sacked seven ministers, including three of the five deputy premiers, and appointed five new ministers.

Turkey 'tortures'

The International Commission of Jurists in Geneva accused Turkey of torturing political detainees to force them to sign confessions.

Peru bombings

Six people from the Peruvian Maoist organisation Sendero Luminoso were arrested after banks were dynamited in Canete, 125 miles south of Lima.

Kenyan arrests

The former head of the Kenyan police, the ex-commander of the ... and several other senior officers were arrested, the Nairobi Times said.

Jawbone find

Japanese scientists unveiled an 8m-year-old jawbone found in Kenya which could help fill a crucial gap in knowledge about human evolution.

Gangster dies

Albert Bergamelli, a leading gangster, was found dead in an Italian jail with his throat cut.

SDP democracy

The Social Democratic Party published a Green Paper proposing a compulsory system of industrial democracy. Back Page

Films seized

Willesden magistrates in north London ordered two violent video films Death Trap and Driller Killer to be forfeited under the Obscene Publications Act.

Vauxhalls up

Vauxhall has put up the price of Cavalier models by an average of 5 per cent. Page 6

Biter bit

An attempt by John Berry in Rhyl, north Wales, to beat a world record by staying in a glass tank with 28 snakes for 70 days was in jeopardy after two of the snakes bit one another to death.

Briefly . . .

England won the third Test against Pakistan by three wickets.

Monseigneur Francis Thomas was appointed Catholic Bishop of Northampton.

Dr Keith Bright took over as chairman of London Transport. Page 6

Sir Richard Lawson was made Nato's Commander in Chief for Northern Europe.

Gopal Swarup Pathak, former Indian vice-president, died aged ...

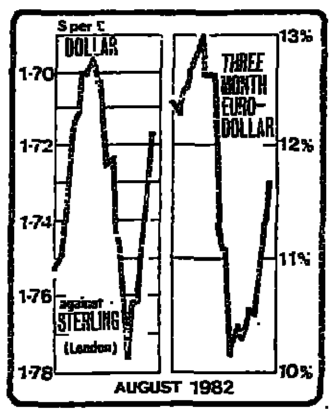
..., 13, was kidnapped by bandits in Siderno, Italy.

Five Czechs crashed through a Yugoslav border gate into Italy and asked for asylum.

BUSINESS

Sterling falls against $; gilts ease

● DOLLAR rose on a sharp increase in Eurodollar interest rates and an upward trend in the Fed funds overnight rate. It closed at Y261.475 (Y256.5),



DM 2.501 (DM 2.471), SwFr 2.1335 (SwFr 2.095), FFr 7.0235 (FFr 6.935). Its trade-weighted index was 121.7 (120.4). Page 22

● STERLING'S trade-weighted weakness reflected its decline against the dollar. It closed at $1.717, a fall of 1.95c from Friday, but rose to FFr 12.06 (FFr 12.04), SwFr 3.6625 (SwFr 3.64) and Y449 (Y445.5). It was unchanged at DM 4.2925. Its trade-weighted index was 91.4 (91.7). Page 22

● GOLD fell $3 to $413.5 an ounce in London. In New York the Comex September close was $408.6 ($403.1). Page 16

● GILTS eased, partly on firmer short-term U.S. interest rates. The Government Securities index closed 0.27 off at 77.43. Page 21

○ EQUITIES were restrained following gloomy CBI forecasts about the UK and world economies. The FT 30-share index lost 0.8 to 572.7. Page 21

● WALL STREET was 6.81 up at 900.11 at mid-session. Page 20

● MEXICO may be forced to relax its law on foreign investment in joint venture companies because of the economic crisis. Back Page

● IMF QUOTA increase of "considerably below 30 per cent" will be proposed by the U.S. but it may suggest an emergency safety net. Page 3

● JAPAN'S gross national product grew 1.8 per cent in April-June because of a freak rise in consumer spending. Page 4

● FRANCE is expected to announce an austerity budget today. Back Page; Banks reduce base rates Page 2

○ FRENCH CAR TRADE slid into FFr 384m (£34m) deficit in July. Imports took more than 40 per cent of the market against 28 per cent in June. Page 5

○ AIRLINES' debt to equity ratio is expected to be 90/10 by the end of the year "and is getting worse," an FT conference was told. Page 7

● BENDIX rejected a counter-bid from Martin Marietta, the diversified U.S. aerospace group. Earlier story Page 17

● SILENTNIGHT, Britain's biggest bed maker, hopes to take over Slumberland, Vono and Vi-Spring from Duport Group. Page 6

● CRA, Australian subsidiary of Rio Tinto-Zinc, reported a first-half loss of A$33.1m (£18.4m) against a net profit of A$16.1m. Page 15; Lex, Back Page

● LADBROKE, leisure and entertainment group, reported first-half taxable profits marginally down at £13.4m (£13.7m). Page 14; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Cape Inds.	67	+ 3	Grootvlei	501	+ 34
Cont. Microwave	500	+ 25	Malaysia Mining	50	+ 5
Cowan de Groot	22	+ 2	Meekaharra	135	+ 12
Glaxo	780	+ 10	Minorco	440	+ 15
Lambert Howarth	75	+ 4	Otter Expln.	32	+ 4
Macfarlane (Clsmn)	116	+ 4	**FALLS**		
Martin (R. P.)	330	+ 10	Treas. 13½pc 1997	£110½	− ½
Mills & Allen	478	+ 13	Davy Corp.	104	− 3
Miscenerete	182	+ 12	Ladbroke	139	− 4
Berkeley Explo.	145	+ 10	Morley (R. H.)	15	− 3
BP	296	+ 8	Standard Chartered	369	− 9
LASMO	360	+ 10	TI	98	− 4
Ultramar	408	+ 10	Ward & Goldstone	45	− 5
Geevor Tin	110	+ 10	Cons. Gold Fields	445	− 15
Gld. Mns. Kalgoorlie	305	+ 10	Peko-Wallsend	232	− 20

Polish police tactics suppress Solidarity demonstrations

BY CHRISTOPHER BOBINSKI IN WARSAW AND DAVID BUCHAN IN GDANSK

Tough police tactics quickly crushed attempts by the Solidarity trade union to rally supporters in mass demonstrations in Poland's main cities yesterday.

In Warsaw and Gdansk only the most determined protesters took to the streets in answer to the clandestine union leaders' call for a massive show of strength on the second anniversary of Solidarity's foundation.

The union suffered a further blow with the announcement that Mr Zbigniew Romaszewski, one of its most active underground leaders, had been arrested. He has been on the security police's most-wanted list since last December when he evaded the dragnet which captured the union's elected leader, Mr Lech Walesa, and most of his close associates.

There were, however, unconfirmed reports that marches numbering thousands had taken place in Wroclaw and Nowa Huta. As in the capital and Gdansk these crowds were reported to have scattered under a barrage of water-cannon jets, tear-gas and stun-grenades.

The poor turnout in Warsaw yesterday afternoon will disappoint the union's leadership and no doubt lead to a deep rethinking of tactics.

At the Zelazna Brama, one for demonstrators, only a handful of people turned up. A Solidarity adviser there remarked ruefully: "It's not very many is it? We could say the union heeded the Polish bishop's call to mark the day with a prayer."

The effectiveness of the Government's scare campaign in the media, and the skill and discipline of the riot police could mean yesterday's demonstrations might be the last of their kind.

The authorities put riot police backed by water-cannon and armoured personnel-carriers on to the streets and proceeded to clear the centre of the capital of both luckless passers-by and mainly young demonstrators.

Groups of a few hundred people at a time played cat-and-mouse with police who drove around the streets in Jeeps firing tear-gas shells and brightly-coloured flares at demonstrators.

Plain-clothes officers in the crowd picked out the most active demonstrators and arrested them. Apart from some spirited throwing back of tear-gas canisters, however, there was little resistance to the helmeted police.

In Gdansk, security forces

Continued on Back Page

Relief for Poland's import headache, Page 16

BT postpones plans for higher telephone charges

BY JASON CRISP

BRITISH TELECOM is postponing at least until next April its proposed increases in telephone charges which had been planned for November. The move follows strong criticism of the proposed rises particularly since BT last week reported record 1981-82 profits of £457.8m against £124m the previous year.

BT had planned to raise prices on November 1 by an average 3.3 per cent, following a 9.5 per cent increase at the end of last year. As part of its policy of rebalancing tariffs to match costs domestic customers' bills would have risen 5.4 per cent while those of business users would have risen only 1.6 per cent. It was planned that direct dialled international calls would be cut by between 1.3 per cent and 16.3 per cent.

The entire package is now being dropped until at least April 1 1983 by when it may have been changed. The announcement from BT came within hours of a call from the Post Office Users National Council for no increase before April.

British Telecom has not, however, abandoned plans to charge for directory inquiries although it said yesterday that these proposals were being re-examined. The council strongly criticised the plan pointing out many main London railway stations had no directories and directories could be up to two years out of date.

BT said the reason for the postponement of the increases was a continued improvement in the operating environment. "The prospect of rapidly falling inflation, rapidly falling interest rates and containment of internal costs have all contributed to a more favourable financial outlook," said BT.

In the first four months of the current financial year (beginning April 1) BT's income has grown 8.6 per cent on an annual basis. Without the increase in tariffs BT's profits this year are expected to be broadly in line with last year's £457.8m.

Yesterday the council said BT's profit target for 1983-84 should be limited to £250m, which it claimed would represent a 5 per cent return on capital. Sir George Jefferson, chairman of BT, said: "This figure would fall far short of the requirement to meet the new Government financial target of a rate of return of 5.5 per cent on mean net assets."

The council also criticised the government White Paper on the future of telecommunications which includes the proposed sale of shares in BT. Mr Thomas Attwood, chairman of the council, said the proposals were very vague and there was a danger that the voice of the consumer would be lost.

The council said the Government should protect the position of the consumer by:

⊙ Making statutory provisions to ensure the social aspects of basic telephone service were protected from commercial pressures.

⊙ Clearly setting out criteria for setting business and domestic tariffs.

⊙ Setting up a consumer watchdog committee "with teeth" to safeguard consumer interests.

Mobile phone plan, Back Page

Acas looks at new NHS peace plan

By Ivo Dawnay, Labour Staff

OFFICIALS of the Advisory, Conciliation and Arbitration Service are looking at the possibility of an 18 or 20 month pay settlement in the National Health Service—and a consequent increase in the 6 to 7.5 per cent pay increase on offer—as one way round the impasse in the four-month old health service dispute.

Acas has been maintaining contacts with both sides throughout the dispute. However, a personal bid by Mr Pat Lowry, the Acas chairman, to find common ground between the Government and the unions came to nothing.

A pay settlement covering more than 12 months would release the Government from its insistence that it cannot improve its pay offer.

It would also allow more time for a permanent formula to be devised for the future pay rises of nurses and, possibly, other health service staff grades. Both the unions and the Government have in recent weeks expressed increasing doubt about the possibility of reaching agreement on a formula for nurses' pay by April 1 next year, the current deadline.

However, there are also several obstacles to a pay settlement based on an extended time scale.

The health service unions are certain to insist on a marked improvement on the current offers to compensate for the additional period generous enough to absolve them from any accusations of a sell-out.

Treasury ministers, on the other hand, will demand that the cost be kept to a minimum. The Government has already made it clear that the outcome of the health service dispute is certain to influence claims in the next pay round.

Health union leaders said last night they would not accept any deal which failed to include real increases over the 6 to 7.5 per cent offers.

Cuba seeks to defer repayments to West

BY HUGH O'SHAUGHNESSY AND PETER MONTAGNON

CUBA has asked Western commercial banks to defer for up to ten years repayments of principal due between now and the end of 1985 on its hard currency foreign debt of around $3bn (£1.75bn).

The request, contained in a telex to its main bank creditors, follows the sharp fall in world sugar prices, the drying up of new loans and economic hardships caused by the U.S. trade embargo.

Cuba ranks well down the list of countries in debt to the world's international banks and the amount it owes is a fraction of that owed by countries such as Mexico, Argentina and Poland. According to the latest Bank for International Settlements figures, which understate the overall position, Cuba owed banks $1.1bn at the end of March. This compares with $46.3bn owed by Mexico, $16.4bn by Argentina and $13.3bn by Poland.

On the basis of the BIS figures, which do not cover all banks, Cuba's debt to international banks is similar to that of Colombia but roughly twice as big as that of Costa Rica, which is in the process of rescheduling its debts.

The Cuban move came as little surprise to commercial bankers, who have been aware of developing financial strains for several months. Yesterday they said they would need time to consider the request, partly because of a scarcity of detailed information on Cuba's foreign debt.

For political reasons U.S. banks do not lend to Cuba; much of its borrowing tends to be dominated in D-Marks and the main bank lenders are believed to be Japanese, French and Canadian institutions.

In an uncharacteristically frank and sombre assessment of the island's economic situation, the National Bank announced that Cuba was standing to lose $1.5bn in the 1982-83 period as a result of high interest rates, hardening terms for foreign borrowing, a drop in demand for its main export commodities, rising import prices, and a drop in foreign credits.

Washington's trade embargo, it added, had cost Cuba some $9bn, "almost three times the total foreign debt of the country in convertible currency."

Despite this, the bank said, the balance of payments in hard currencies showed a surplus last year, and that was on the increase.

The bank says foreign lenders have been cutting their commitments to Cuba. Since September, 1981, foreign credits decreased "without interruption," adding up to a total reduction of more than $550m over the year.

As a consequence, Cuba is seeking agreement within 90 days for the postponement of all payments on principal due on loans from Western banks for the rest of this year and until 1985. These would be met over a 10-year period, including a three-year grace period.

Short-term loans would not be included in this operation provided, the bank hints, that the banking community co-operates in maintaining them at their present level.

In the trading field, the Central Bank appealed to correspondent banks not to demand collateral deposits for letters of credit issues, that Cuba's foreign earnings and assets be respected, and that foreign suppliers did not demand payment through letters of credit confirmed by foreign banks.

Pinochet reshuffle, Page 3; Argentina's economic crisis, Page 12; Mexico may relax investment rules, Back Page

£ in New York

	Aug. 30	Previous
Spot	$1.7075-7095	$1.7280-7320
1 month	0.05-0.01 dis	0.08-0.04 dis
3 months	0.28-0.27 pm	0.30-0.25 pm
12 months	3.40-3.55 pm	3.20-3.30 pm

U.S. seeks talks over pipeline

BY OUR FOREIGN AND WORLD TRADE STAFF

THE U.S. is seeking a high level conference with its European allies, possibly at ministerial level next week to prevent the quarrel over the provision of equipment and services for the controversial Siberia-West Europe gas pipeline from further damaging Nato.

The quarrel was exacerbated yesterday when John Brown Engineering of Clydebank, under what amounts to instruction from the UK Government started to defy the U.S. bid to block the provision of equipment for the pipeline.

The loading of six turbines, containing U.S. components, on to the Stakhanovets Yermolenko, a Soviet freighter, started on the Clyde and should be completed by the end of the week.

Another Soviet freighter is waiting in the Italian port of Livorno to load two turbines, also containing American components made by Nuovo Pignone.

The U.S. Commerce Department in Washington said it would "take action" if it considered John Brown to have violated sanctions against the pipeline.

U.S. Government officials said both Mr George Schultz, the Secretary of State, and Mr Malcolm Baldrige, the Commerce Secretary, had urged President Ronald Reagan to order less extensive measures against John Brown than he ordered last week against Dresser France and Creusot-Loire for violation of U.S. sanctions orders.

The French companies are subject to a ban on all exports of goods and services from the U.S. The officials said Mr Shultz and Mr Baldrige suggested that for John Brown the ban should be confined to oil and gas technology.

John Brown officials indicated yesterday that any U.S. reprisal against it for shipping the turbines would be challenged in the American courts. Dresser is already challenging the U.S. Government's use of the Export Administration Act to invoke sanctions.

Mr Peter Rees, the UK Minister for Trade, claimed in interviews with BBC Radio 4 and Independent Radio News yesterday that it was not certain that any U.S. reprisal action would stand up in the American courts.

But the UK Government so far has no definite plan for retaliation against the U.S. should the latter act against John Brown. Such retaliation was urged yesterday by Mr Denis Healey, the Shadow Foreign Secretary.

Against this background, U.S. officials are increasingly stressing the need for a compromise which will end the quarrel in the Western Alliance over the pipeline and the American attempt to delay its construction.

Trade diplomats said the U.S. had been sounding out allies on ideas for discussion at the high level conference it is proposing.

These ideas include tighter credit controls on the Soviet Union, reduced sales of high technology goods and a ban on the provision of equipment for a second pipeline to run alongside the one already under construction. In exchange the U.S. would lift its embargo.

Mr William Brock, the U.S. Trade Representative, is in the UK later this week to attend a conference. This will provide an opportunity for informal discussions although no set meetings with UK ministers have so far been arranged.

U.S. steel curb conditions rejected by EEC, Page 5

Glaxo chairman to be head of BL

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SIR AUSTIN BIDE, chairman of the Glaxo pharmaceutical group, will take over as non-executive chairman of BL when Sir Michael Edwardes steps down on November 8.

Sir Michael's executive responsibilities on the board of the State-owned group will be shared between Mr Ray Horrocks, chairman of BL Cars and Mr David Andrews, chairman of Land Rover-Leyland.

Sir Austin, who will be 67 when he stakes up his two-year appointment, has been a non-executive director of BL for the five years Sir Michael has been chairman, and has been deputy chairman since 1980. The new chairman has played a key role in developing the group's strategy.

Sir Michael pressed for the new management structure because he believed the appointment as chairman of someone from outside the group could cause disruption at a time when BL should be concentrating entirely on its main objective—breaking even in 1983.

Like Sir Michael, Sir Austin believes that BL should be put back on its feet financially before any private capital is invited in. Their view is that one test of BL's success will be the willingness in the future of the private sector to take equity in some parts of the group.

Sir Austin will take prime responsibility for BL's 1982 corporate plan which will be developed in October and November for delivery to the Government by the end of the year.

The changes will involve a substantial increase in responsibility for Mr Horrocks, 51, and Mr Andrews, 48, who run

Continued on Back Page

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هكذا من الأحمل

Spadolini wins endorsement of coalition parties

BY RUPERT CORNWELL IN ROME

THE FIVE parties in the new Italian coalition Government of Sig Giovanni Spadolini yesterday gave him broad endorsement.

It was the promise to concentrate on overhauling the mechanisms of Parliament and reinforcing the executive arm of government which enabled Sig Spadolini to lure the fractious *Socialists back into his second* administration, and avert the threat of an early general election this autumn.

Opening the confidence debate in Parliament for Italy's 42nd postwar Government, the Prime Minister identified the country's growing "institutional malaise" as a root cause of its difficulties. The shortcomings of the system, he said, were among the main reasons that economic policy was so hard to enforce. Italy's Government, from a constitutional viewpoint, was the weakest in Europe.

Sig Spadolini . . . critical of the system

To put matters right, he is aiming for all-party action to speed up the passage of the budget and finance Bill through Parliament each year, to reduce recourse to the secret vote, and to ensure that important legislation is given priority treatment by the two chambers.

There are few other innovations in his government *programme*, however. Just as the make-up of his administration is identical to that of its predecessor, so are the issues — above all, economic ones—with which it will have to deal. The first test will come when Parliament meets to ratify tax provisions announced by the previous Government on July 31.

Stressing his commitment to bring Italy's runaway public finances under control, Sig Spadolini hinted at the possibility of empowering local authorities to levy taxes on second homes to help reduce pressure on the state's resources.

He also reiterated his determination to hold inflation to 16 per cent this year, and to 13 and 10 per cent respectively in the next two years. But unexpectedly sharp price rises in July and August have already cast doubt on the Government's ability to meet its goal for this year.

The Government also faces two other urgent economic tasks. The first is to persuade employers and unions to agree on new wage contracts for 10m workers throughout industry. These are already many months overdue.

This issue is now entangled with the second, even more basic, problem of what would replace the old *scala mobile* system of wage indexation, revoked unilaterally last June by Confindustria, the employers' federation. There are signs that all the unions are now ready to countenance a measure of reform, but only on condition that the employers move swiftly to settle the outstanding contracts.

French nationalised banks reduce base rates again

BY DAVID MARSH IN PARIS

A FRESH reduction in French industry's borrowing costs was the lowering, by 0.5 percentage point to 13.25 per cent, of the nationalised banks' base lending rates.

At the same time, in a statement underlining the Government's intention of running its industrial policy on rigorous lines, M Jean-Pierre Chevenement, the Minister of Research and Industry, declared that the newly-nationalised companies would have to make profits and would be allowed managerial autonomy.

The base rate cut, the second in six weeks, follows progressive cuts in money market rates over the past few weeks, the latest of which was a 0.25 point reduction on Monday.

Unlike most other European countries, France last week delayed taking immediate *interest rate action in the* wake of the franc this week—it was only slightly lower against the U.S. dollar and the D-Mark on the foreign exchanges yesterday—has prompted the Paris authorities to join in the general round of rate cutting.

The lowering of base rates was started by Banque Nationale de Paris and Société Générale, and the new rate takes effect today. The other big banks look certain to follow suit. The rate has been cut progressively from the crisis level of 17 per cent

In the announcement on nationalised industry policy, made after a meeting with the chairmen of state controlled companies, M Chevenement said the sector would not be "a collection of unpaid bills."

Danes face prospect of another election

By Hilary Barnes in Copenhagen

DENMARK IS facing the prospect of another general election, less than a year since the last one.

Disagreements within the minority Social Democratic Cabinet and the parliamentary party over how to tackle the latest economic crisis could bring down the Government within weeks and force an autumn poll.

Mr Anker Joergensen, the Prime Minister, whose present administration came to power following last December's election, faces stiff opposition from within the ranks of the party to measures to reduce the massive budget deficit. This is expected to soar to some DKr 74bn (£4.9bn) or 14 per cent of gross domestic product next year.

The Cabinet agreed yesterday on a programme of measures which it will present to the parliamentary party and the Social Democratic executive for approval today.

If it is rejected, Mr Joergensen may decide to call a quick election, although he has said he would prefer not to give up before he has tried to steer the programme through Parliament this autumn.

A 10 per cent cut in unemployment benefits, and re*ductions in sickness payments* and other social security benefits are among the measures which the Government has considered. "We must cut back on welfare, in order to save the welfare state," said Mr Mogens Lykketoft, the Taxation Minister.

Many party members baulk at such reductions, however. They see proposals of this kind as a sell-out of Socialist principles and would rather have the party go into opposition.

Should Mr Joergensen overcome opposition from his own supporters, he is likely to be defeated in Parliament over the Government's main revenue-raising idea — the introduction of taxation on pension fund incomes and similar capital gains. The non-Socialist parties are united in *their opposition to these proposals.*

JEREZ GRAPES MAY ROT ON VINE

Harvest threatened by sherry strike

BY ROBERT GRAHAM, IN MADRID

AN INDEFINITE strike, begun yesterday, by some 6,000 workers in the Jerez region of Spain, threatens to leave the bulk of the grapes used for producing sherry and brandy on *the vine this year.*

The dispute over wages and conditions reflects the growing difficulty of Spanish brandy and sherry producers to cope with increased costs in the face *of changing consumer habits* and reduced demand.

The strike has been called by only one of the trade unions, the Communist-controlled Confederation of Workers Commissions (CCOO). The other main union, the Socialist-controlled General Workers Union (UGT), has been wary of supporting it, *believing the main companies* affected are not unhappy to see the grapes left unharvested.

The region has become overplanted, and the principal bodegas have little storage *capacity for this year's produce* because of falling sales and a refusal by foreign buyers to shoulder the cost of financing *large stocks.* The latter represents, in some instances, a third of the costs of sherry and brandy companies.

The situation is unprecedented in Jerez's long history and *could have* serious repercussions on both the producers and the 25,000 people who depend upon the seasonal grape harvest. It is also the more serious for Andalucia if unresolved, because *this* year there has been a drop in the number of people travelling to France for the wine harvest there. *Last year some 100,000 went. This year,* a combination of increased mechanisation and greater participation by French unemployed workers is expected to cut the number to around *80,000.*

The strike also comes when labour relations are already tense in Jerez as a result of a 53-day strike by the 600 workers of Pedro Domecq who are demanding reinstatement of five sacked workers and holiday bonuses which the company has not paid.

Iberduero reply awaited on N-plant takeover

BY OUR MADRID CORRESPONDENT

IBERDUERO, SPAIN'S largest private utility, is expected to reply this week to the Government's decision to take direct control of its controversial nuclear power station at Lemoniz, *in the Basque country.*

The Government move, taken at last Friday's Cabinet meeting, is seen as a final effort to restart work on the power station, which is two-thirds completed. Work has been paralysed since May, after more than 18 months in which virtually no technical work was carried out, because of terrorist action by Eta, the militant Basque separatist organisation.

The Spanish Government will now assume direct responsibility, by decree, for finishing the project in which Iberduero has already invested more than $2bn. It will also appoint a *management board that includes* representatives of the autonomous Basque government. Ownership of the Lemoniz assets will remain with the company.

This formula supercedes the one agreed in March under which the Basque government would operate the twin 970 MW plant, leaving ownership and financial control with Iberduero. Madrid took responsibility for all aspects of nuclear safety.

However, the arrangement failed to persuade back to work technicians who had stayed away since the assassination by Eta in February 1981 of *the chief engineer,* Sr Jose Maria Ryan. Last May Eta emphasised its threat to prevent Lemoniz from operating by murdering in Bilbao Sr Ryan's replacement, Sr Angel Pascual Mugica.

The failure to finish Lemoniz is Eta's biggest challenge to authority. The new government initiative accepts the thesis of both Iberduero and the Basque government that they cannot be responsible for security when they have no real capacity to control the activities of the militant separatists.

The awkward solution has been inhibited by the Govern*ment's reluctance to step in and* nationalise Lemoniz. Iberduero and the other private utilities were also anxious to prevent such a precedent.

Indeed, Iberduero would prefer to write off its investment rather than see this happen. The company has already begun plans to hive off its Lemoniz assets into a separate company to obtain tax reliefs and prepare for an eventual write-off.

Finns fix budget targets

HELSINKI—The Finnish Government has agreed on 1983 budget spending of about FM 72bn (£8.9bn) with borrow*ing of some FM 9bn (£1.1bn)* Mr Ahti Pekkala, the Finance Minister, announced on national radio yesterday.

Final figures for budget expenditure and revenue have not been revealed, but government officials said no change was expected in the usual pattern of heavy spending on social affairs, health and education and light spending on defence.

The Government of Social Democrats, Centrists, People's Democrats (Communists and Socialists) and Swedish People's delegates, which reached accord in late-night talks, has a solid parliamentary majority.

The budget aims of the Government are to push inflation below double figures, a target already being achieved, and to maintain international competitiveness to combat unemployment, which is running *slightly above 5 per cent.*

Reuter

Power cuts threatened in Portugal

By Diana Smith in Lisbon

PORTUGAL'S electricity workers are threatening a series of power cuts in protest against the possibility that the Government could dismantle Electricidade de Portugal, the nationalised electricity corporation, and hive off parts of it to the private sector.

Sr Francisco Pinto Balsemao, the Prime Minister, warned in late July that inefficient public concerns that were deeply in debt would not be allowed to continue this way.

Prices rise in EEC

The European Community's consumer price index rose by 0.6 per cent in July, the lowest monthly increase so far this year, according to official statistics released yesterday, Reuter reports from Luxembourg. The increase, which followed an 0.8 per cent rise in June, put the index 11.1 per cent above its July 1981 level. The year-to-year increase to June was 11.4 per cent.

French secret service organised 'kidnap' of Romanian dissident

BY DAVID HOUSEGO IN PARIS

MR VIRGIL TANASE, the Romanian dissident writer believed to have been kidnapped in Paris on May 20 by Romania's secret police, is alive and well in France.

A French newspaper revealed yesterday that his kidnapping had been organised in fact by France's counter-espionage services with the help of a Romanian agent who had been sent to kill him but then turned defector. Mr Tanase, suntanned and in good health, later appeared at a news conference in Paris alongside the man, named as "Z" sent to kill him.

The affair has already strained relations between Paris and Bucharest — President François Mitterrand announced in June that he was cancelling an official visit to Romania this month—but yesterday it was the cloak and dagger details that captured French imagination.

It was also revealed by Mr Tanase that President Mitterrand had been fully in touch with the case since April. Thus, in denouncing publicly in June the "tragic disappearance" of Mr Tanase and the strain it would put on Franco-Romanian relations, he was abetting the bluff of his own counter-espionage services.

As it emerged yesterday, the Romanian agent had informed the French authorities in early *spring that he had a mission to* kill Mr Tanase and Mr Paul Goma, both writers critical of President Nicolae Ceaucescu, the Romania leader.

The methods to be used—including the dosing of a cocktail with a mixture that produces a heart attack in a few hours—recall the most gruesome methods used by Bulgarian agents in London.

Mr Goma, the target of the lethal drink, was saved by a French security official who "accidentally knocked over the glass." For Mr Tanase the more elaborate kidnapping was arranged partly to give time for "Z" to spirit his family out of Romania.

Gripped by the story of the affair, the French Press has also been revived by what it shows of life in Romania. The Romanian embassy in Paris yesterday declined to comment on the incident.

'Cod war' looms off Greenland

BY OUR COPENHAGEN CORRESPONDENT

THE GREENLAND Government, the Landstyre, has called on Denmark to send fishery in*spection vessels to arrest* West German trawlers if they begin fishing for cod in Greenland waters.

Denmark has handed notes of protest to both the European Commission and the West German Government, after the Commission sided with Bonn over what is rapidly developing into another "cod war."

The Bonn Government last week decided to allow trawlers to catch 2,000 tonnes of cod off west Greenland. The Danes protested that the decision was illegal, and the West Germans postponed granting licences to the trawlers

Brussels has now upheld the West German case but Mr Anker Joergensen, the Danish Prime Minister, has called the decision illegal. In Greenland, which is currently negotiating to leave the European Community, Mr Lars Chemnitz, the chairman of *the pro-EEC Atassut Party,* said he was dismayed by the ruling.

The Danes expected the Commission to delay a decision until its first full meeting after the summer holiday, which takes place on September 8.

The West Germans have been awarded a cod catch quota of 10,000 tonnes off west Greenland for the coming season. In Denmark's view, this only applies once the EEC fisheries negotiations are completed. These broke down in July because of Danish opposition to allocation of quotas in the North Sea.

Unemployment rises as export orders tumble

Recession's chill winds begin to buffet Austria

BY LUCIAN MEYSELS IN VIENNA

THE LATEST economic surveys indicate a deterioration of the economic situation in Austria with incoming export orders sharply below last year's, unemployment rising and the large nationalised sector badly in need of federal subsidies. Yet at the same time Prof Stephan Koren, president of the central bank, has issued a public warning that a further rise of budget deficit would pose a threat to the strength of the schilling and that there was no room for spending sprees to *support* ailing state companies.

The Austrian Institute for Economic Research recently revised its growth forecast for this year from 2 per cent to 1.5 per cent and it is increasingly doubtful whether even this rate —moderate by Austrian standards—can be attained.

Up to now exports have been the main prop of the economy and a rise of 5 per cent in real terms, about the same rate as last year, is still predicted for 1982.

The latest survey carried out by the Federation of Austrian Industries among 156 companies with a total labour force of 148,000 revealed that one in three companies was planning to cut output in the coming months. Every second company reported that orders were too low and 54 per cent complained of a fall in export orders.

Economists also warn that domestic consumption is also levelling off. During the first *four months of this year* retail trade turnover was 2 per cent up in real terms, but domestic orders began to fall in April and May and the effects of income tax reform benefiting the lowest wage categories are also petering out.

Prof Koren . . . no room for spending sprees

In a country accustomed to practically full employment, unemployment is expected to reach 3.6 per cent this year, compared with 2 to 2.4 per cent in recent years. Some 40,000 jobs were *lost in industry and construc*tion in the first half of the year. Despite the lay-off of 14,000 foreign workers, the number of workless jumped by 40,000.

The Socialist Government and *the unions have so far prevented* the major and long overdue redeployment of the labour force in obsolete or internationally uncompetitive sectors. The economic upswing *predicted for the second half of* 1982 has failed to materialise. But in view of the forthcoming general elections next May, it is expected that the Government would rather pour more money into ailing sectors than accept a sudden bout of unemployment in traditionally Socialist working class areas.

However, the picture is not one of unrelieved gloom. Inflation has been slowing down and *the year-on-year increase in* retail prices in July was only 5.5 per cent, the lowest monthly figure on record since March, 1980.

Another bright spot, so far, has been the external payments situation. The current account deficit during the first half of 1982 compared with the same period last year fell sharply to ASch 2.2bn from ASch 7.8bn. The improvement was partly due to sluggish domestic demand. Imports were up only by 2.7 per cent while exports jumped by almost 17 per cent. This produced a 20 per cent drop in the trade deficit to ASch 33.7bn.

Reduced spending by Austrians abroad contributed to an appreciable improvement in the surplus on services account. Gross receipts from foreign tourists between January and June rose by 8.5 per cent to ASch 39.5bn, while spending by Austrians going abroad rose by only 1.3 per cent to ASch 23.1bn. As a result the net foreign exchange intake from tourists showed a rise of 14 per cent on the same period last year.

The overall economic situation is still somewhat better than in most other European countries. But domestic observers and businessmen are concerned about the gloomy forecasts coming from West Germany, Austria's most important trading partner, and also about the likely failure of the Government to risk taking unpopular measures during the run-up to the new year elections.

Haughey 'death-wish' has Dublin puzzled

By Brendan Keenan in Dublin

IT WOULD have been ironical had Mr Charles Haughey, the Irish Prime Minister, fallen from power over the affair of his Attorney General and the wanted man in his flat. Many in Dublin in fact believe he is courting his own downfall in a pay row with the unions.

Much of Cork's transport services came to a halt last Monday and 6,000 workers marched through the city. The Irish Congress of Trade Unions yesterday announced a co-ordinated, mounting campaign of selective strikes to culminate in a general stoppage on October 28, the day Parliament resumes.

As things stand, if the dispute with the unions is not resolved, Mr Haughey's minority Government could not carry through the Dail its policy of freezing public sector pay claims.

While that leaves the Government eight weeks to reach a deal with the unions, its hand is weakened by the knowledge that time is short.

The question is, why should an expert survivor like Mr Haughey court *disaster* so deliberately?

It has been suggested that the real impetus for the new tough policy has come from other ministers, in particular Mr Ray McSharry in Finance and Mr Albert Reynolds in Industry.

According to some politicians they have forced an unwilling Premier to concede that something must be done to halt the deterioration in Ireland's public finances.

Yet Mr Haughey neither looks nor sounds like a man being pushed from behind. He has refused to budge from the Government's position that it cannot pay an agreed 5 per cent pay increase to public servants before January and that special claims for relativity or productivity must be frozen.

He seems finally to have been convinced by the economic arithmetic. The problem this year is that current spending, at Ir£863m (£692), is almost Ir£200m (£160m) over target. The deferment of the 5 per at Ir£863m (£692m), is almost cent increase is part of a package to save Ir£120m (£96m) this year.

Next year, problems on the public sector pay front are likely to be even worse. The carry-over from the existing pay round would alone add 5 per cent to the public pay bill, but Dr Garrett FitzGerald's brief administration deferred special pay claims to next January.

These have built up and, if conceded, would add at least another Ir£200m, or 10 per cent, to public sector pay according to Mr Haughey.

So the pay bill is set to rise by at least 15 per cent before the unions even seek a new agreement on basic rates.

Small wonder that the Government is prepared to risk a lot—perhaps everything—to curb the public sector appetite.

The issue may not come to a stand-up fight, however. Privately, union leaders concede that something will have to be done about public sector pay next year. They have two main worries: that the system of conciliation and arbitration should be maintained; and that the squeeze should not set the norm for private sector deals.

The unions believe the Government is trying to force them into negotiations which, in effect, would deal with the whole question of public sector pay next year. Some believe that, in the end, they will have to do just that.

In that light, the present disruptions could be regarded as securing the best possible negotiating position, rather than an attempt to force the Government to climb down completely.

It is a dangerous game. Worker militancy might prevent real negotiation, in which case the Government would have to choose between climbing down or going to the country.

Those who believe Mr Haughey has not lost his old cunning argue that, from his point of view, an autumn election on this issue would have attractions.

An election fought on public sector pay would prove popular with many voters and would leave the opposition in disarray, both on policy and organisation.

- Irish industry is searching for an estimated Ir£200m in extra working capital to meet the requirement to pay VAT on imports at point of entry, which comes into effect today. It has warned that the scheme will mean serious problems for companies at the limit of their credit.

The scheme was introduced to raise extra revenue this year, but the Government also claims it will cut down arrears of VAT and curb evasion.

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Optimism grows on U.S. recovery as indicators rise

BY ANATOLE KALETSKY IN WASHINGTON

EVIDENCE OF a recovery in the U.S. economy mounted yesterday with the Commerce Department's publication of its composite index of leading economic indicators, which jumped 1.3 per cent in July. July's rise in the index, which is designed to forecast turning points in the economy several months before they actually take place, was the fourth consecutive monthly increase.

Economists traditionally look for three or four consecutive monthly increases in the leading indicators before concluding that an economic recovery is firmly under way. After July's broadly-based increase, which included improvements in seven of the ten components which make up the Commerce Department's index, this condition has been clearly satisfied.

Furthermore, another strong performance in the August index is virtually guaranteed by the past two weeks' record-breaking rally in the stock market. Share prices were among the three components of the composite index which showed falls in July. The other two were corporate liquidity and bottlenecks in business deliveries.

"Historically, whenever the indicators have increased as much as they have since March, we have always had a recovery," a Commerce Department economist said yesterday.

Mr Malcolm Baldrige, the Commerce Secretary, said yesterday's figures and the recent drop in interest rates, were "paving the way for solid economic improvement." Mr Beryl Springel, the Treasury under-Secretary for monetary affairs, said he had "never been more confident that today" that the U.S. economy was "going in the right direction."

But U.S. Administration spokesmen were careful to qualify their optimism by speaking only of a "moderate" recovery. They are wary of the sort of embarrassment they faced earlier this year when the "roaring recovery" they had predicted failed to materialise.

Many economists are concerned about the weakness of industrial investment and about the risks of another upsurge in interest rates once loan demand from industry and consumers begin to pick up and clash with the U.S. Treasury's autumn funding requirements.

U.S. to suggest IMF emergency 'safety net'

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. will propose an increase of "considerably below 50 per cent" in International Monetary Fund (IMF) quotas at the Fund's annual meeting which starts in Toronto later this week, Mr Beryl Sprinkel, Under Secretary of the Treasury for monetary affairs, said yesterday.

His remarks confirmed expectations that the U.S. will hold out only for a modest increase in the Fund's normal operating resources, currently SDR 61bn ($68.1bn) in negotiations due to be completed by the end of next year. Most industrial nations would like to see a much bigger increase, and developing countries have called for an increase in quotas of at least 100 per cent.

Mr Sprinkel confirmed, however, that the U.S. was thinking of proposing a separate "safety net" for use in emergencies, such as the Mexican debt crisis, which threatened the stability of the international monetary system.

The safety net would take the form of new standby borrowing arrangements for the Fund, rather more broadly based than the existing General Arrangements to Borrow, set up in 1962

One of the advantages of such an arrangement would be to ensure that funds for major rescue operations were available when needed.

The U.S. continued to see the Fund's role as a supplier of short-term intermediate financing, under very strict conditions, for countries with balance of payments problems, Mr Sprinkel said.

Capital spending curbed

BY RICHARD LAMBERT IN NEW YORK

U.S. COMPANIES are making big cuts in their capital spending plans, according to a survey by the Conference Board, an independent business research group.

Capital appropriations by the 1,000 biggest companies fell by 22 per cent in the second quarter, the survey shows, and projects were being cancelled in record numbers. Capital appropriations are authorisations by companies to spend money in the future.

The steepest setback in the second quarter came in the petroleum industry, which appropriated its smallest quarterly total since 1979.

Pinochet reshuffles Chilean Cabinet

By Mary Helen Spooner in Santiago

THE APPOINTMENT of Sr Rolf Luders, a civilian free market advocate, to Chile's newly created Ministry of Economy and Finance following President Augusto Pinochet's Cabinet reshuffle on Monday is expected to lend a needed air of decisiveness to the Pinochet regime's economic policymaking.

Sr Luders replaces Sr Sergio de la Cuadra, Finance Minister, and Gen Luis Danus, Economy Minister, who have held their posts since last April.

Sr Luders, who holds a Doctorate in Economics from the University of Chicago, recently left the vice-presidency of the BHC group, Chile's largest financial conglomerate, due to disagreements over its management. His appointment surprised many observers, who had predicted the appointment of either Sr Jorge Canas, the troubleshooting former Finance Minister and architect of the free market model in Chile who implemented the controversial "stock treatment" to the economy in 1975, or else a more conservative politician to the post.

In a speech following the announced Cabinet changes, General Pinochet said the merger of the Finance and Economy Ministries would give "greater coherence" to Chile's economic moves. He also said that the worsening economic situation had given rise to renewed political violence and terrorism.

In the weeks following General Danus' appointment in a Cabinet reshuffle last April, the Chilean Economy Ministry appeared to grow in influence, at times overshadowing the Finance Ministry which traditionally headed the regime's economic policymaking.

It was General Danus who announced the unexpected devaluation of the Chilean peso from 39 to 46 to the dollar in June, breaking the three year policy of fixed exchange rates. Sources in Santiago indicate that Sr de la Cuadra had opposed the devaluation, arguing instead for a general wage and salary reduction, but was successfully opposed by military officials in the Cabinet.

Other Cabinet changes include the removal of four influential military officers from their posts. In addition to Gen Danus, Gen Washington Carrasco, Defence Minister, has been replaced, along with Gen Julio Bravo, Government under-secretary, and Gen Gaston Frez, Planning Minister.

The announcement of the Cabinet change came shortly before the then Finance Minister Sr de la Cuadra was to reveal a new set of economic measures, sparking fresh rumours of an impending political crisis in Chile's nine year old military regime. Sr Luders however, has stated that no new measures would be forthcoming and that the Government already had at its disposal the needed mechanisms for dealing with the economy.

The Cabinet reshuffle marks the twenty-ninth change of ministers since Chile's military regime came to power, and the third Cabinet change in less than a year.

Caracas urged to keep oil cash for debt

By Kim Fuad in Caracas

VENEZUELA should consider setting aside all oil income from exports beyond a 1.2m barrel per day (b/d) level to repay the country's public debt, Sr Humberto Calderon Berti, Energy Minister, said on Monday.

He said a ceiling of 1.2m b/d could be set under law such that income from this would be used for ordinary expenditure, while any additional oil export income would go into a "public debt amortisation fund."

Venezuela's foreign debt is currently around $20bn (£11.45bn), having grown by an average 52 per cent a year between 1976 and 1981—one of the world's highest growth rates.

Sr Calderon Berti's statement, in a Press interview, followed a similar suggestion by Gen Rafael Alfonzo Ravard, president of the state oil monopoly, Petroleos de Venezuela (PDVSA).

Speaking on the seventh anniversary of Petroleos de Venezuela, Gen Alfonzo said that in order to repay Venezuela's public debt in a period of 10 years the country would need to dedicate exports of 300,000 b/d of oil to amortisation.

The Energy Minister said the debt amortization plan would benefit the country by forcing the central administration to be more austere and effective in using oil revenues, by improving Venezuela's image in world capital markets and by ending public debate on what Venezuela's oil export levels should be.

Jim Rusk, in Ottawa, reports on the Liberals' fight for survival

Trudeau squares up for political fray

A SURPRISE WEEKEND decision by Mr Pierre Trudeau, Canada's Prime Minister, to cancel a late September visit to the ASEAN countries and Japan to discuss trade and economic co-operation signals a revived determination by Mr Trudeau to stand up and fight for his party's political future. Usually Mr Trudeau would not be deterred from making any foreign trip because of the prospect of domestic political flak.

A year ago, when the economy was visibly souring, and the year long constitutional crisis unresolved, Mr Trudeau made a heavily criticised Asian visit, although somewhat shortened from the original schedule, around the Commonwealth meeting in Australia. And although this autumn's trip has been in the works since Mr Trudeau's return from Melbourne, his top political advisers cautioned him to cancel it in order to stay home to push the Government's economic restraint programme.

Mr Trudeau's Government is in deep trouble with the electorate. In the latest Gallup Poll, the Liberals had their lowest standing since the conscription crisis in the Second World War. Although the 18-point lead of the Conservatives under former Prime Minister Mr Joe Clark is not insurmountable between now and the normal election date in 1984, the Liberals, while they have not panicked, have decided they must run very fast during the House of Commons summer recess.

There are a number of reasons for the rush. The Government feels it has better play in the media when it is not sitting and when the Opposition is not dominating political reportage, as it did during the last rancorous House session. There were signs of restlessness in the back benches near the end of the last session, and the Liberals, who pride themselves as the most disciplined party in Canada, feel that an upturn in the polls would calm the caucus before unrest turns to rebellion.

Three by-elections have been set for October 12, and, while only one of the seats was Government-held, the Liberals cannot afford a disastrous performance in all three ridings.

And, perhaps most important of all, there is a recognition that while Mr Trudeau will have to turn over the leadership of the party if it is to win the next election, he cannot do so when the party's fortunes are at a low ebb.

The Prime Minister has only just returned from vacation in Western Canad with his three young sons, who saw their father's unpopularity underlined by demonstrators who hurled tomatoes, eggs and stones at his rail car as it passed through small towns, and who also saw Mr Trudeau's petulant image reinforced as he replied to one group of tomato-throwers with a vulgar, one-fingered salute.

But even with the Prime Minister away the Government has been in a political high gear, seldom seen at mid-term, as it tries to sell the restraint package of the June 28 budget.

In the budget, Ottawa limited wage increases to 6 per cent in 1983 and 5 per cent in 1984 in the federal public sector and imposed similar limits on prices in those parts of the Canadian economy it regulates. The private sector and the provinces were urged to go along with the programme voluntarily.

Ottawa has been much tougher than expected. The wage control legislation was pushed through the House of Commons before it recessed early in August. Moreover, when the head of the federal regulatory agency setting telephone rates wrote to the Prime Minister to say that the Government should not tell him the rate increases he could impose, the Government abruptly cancelled a rate hearing for Bell Canada and imposed the six-and-five regime on it.

Since then, six-five has become the order of the day, and Ottawa has used its leverage to extend the programme to areas not contemplated at the time of the budget. Companies seeking financial assistance or grants from the Government are being strongarmed into accepting restraint. Suppliers are being pressured to keep prices in line. Politically, the Liberal Party has been put on an election basis and the Prime Minister's office and party leadership are formally monitoring the efforts of Government members to sell the programme.

The efforts seem to be paying off. The business community, afraid that if voluntary restraint fails then mandatory controls cannot be far behind, has been lining up behind the Government. And while public sector labour leaders are angry about being made the primary target of the policy, Mr Dennis McDermott, the president of the Canadian Labour Congress, acknowledged recently that it would be futile for labour to try to organise a general protest against the plan as private sector unions would not back their public sector brethren.

The plotting dukes of Canadian politics, the 10 provincial Premiers, have been lukewarm about the plan. At their annual summer meeting last week, the Premiers, none of whom are Liberals, refused to endorse it, and put up "a recovery package" of their own.

In their plan a loose collection of policy goals with no blueprint for achieving them, Ottawa was asked to drop interest rates in line with U.S. rates but not necessarily raise them when U.S. rates go up; revamp the Foreign Investment Review Agency to make it easier for foreign capital to come into Canada; gut the controversial national energy programme; cut spending but not financial assistance to provinces; and call a September 13 meeting with them

Mr Allan MacEachen, the Federal Finance Minister, rejected the Premiers' demand for a conference on the grounds that the package was too vague, although he allowed that he might meet provincial Finance Ministers if they could produce something concrete to discuss.

In the meantime, Mr Trudeau will keep the political heat on by staying at home. His present plans are to work on a Cabinet shuffle to give his Government a new look before the House resumes sitting late in October, and to make a cross-country tour to sell the restraint package. Mr Trudeau has always been at his political best when fighting for his life. The next few months will tell whether Canada's most experienced political alley cat has another life in him.

Pierre Trudeau: in deep trouble with electorate

Brazil considers neutral budget

By Andrew Whitley in Rio de Janerio

PRESIDENT Joao Figueiredo of Brazil has presented a broadly neutral federal budget for 1983 to Congress. Its guidelines are expected to keep the country's economic priorities on the same tracks as present.

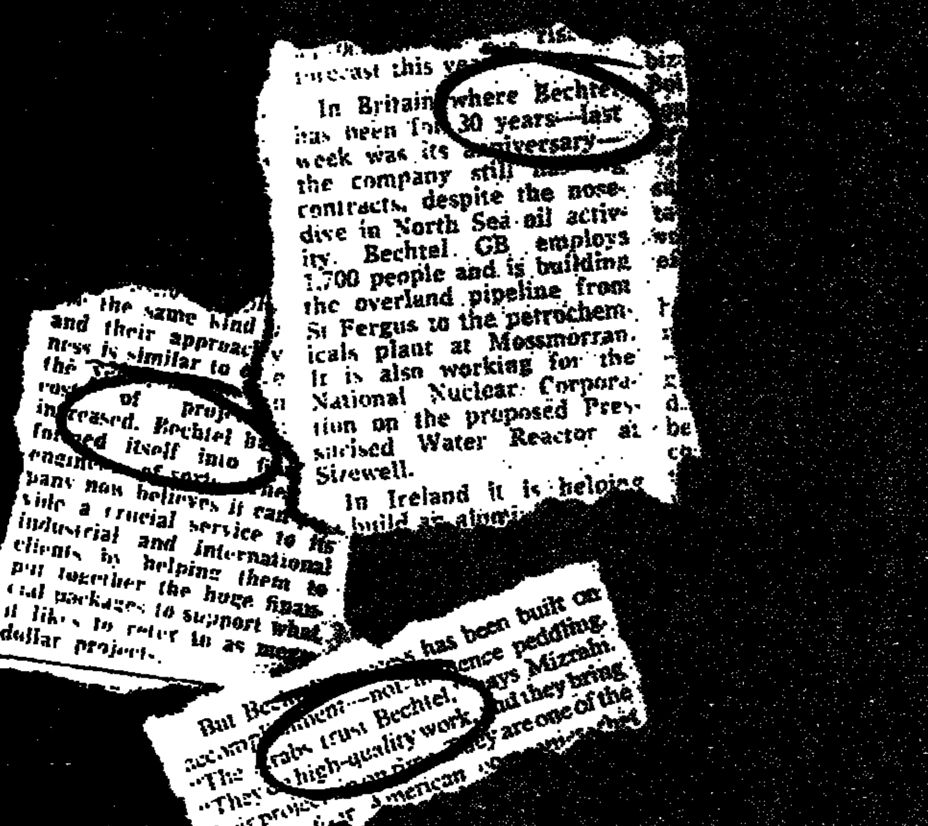
In nominal terms federal expenditure is expected to jump by 112 per cent compared with this year—a real increase of about 10 per cent based on the likelihood that the inflation rate in 1982 will top 100 per cent.

Sectors proposed to receive above average budget increases include industry, commerce and services, with a rise of over 200 per cent and defence and public security, which will go up by 139 per cent. The latter appears to be a consequence of the heightened awareness of the rapid need to build up Brazil's armed forces in the wake of the Falklands war.

Submitting the budget to Congress on Monday, President Figueiredo was sombre about the difficulties Brazil was encountering in attaining all its various economic objectives: growth, control over its external sector and controlling inflation.

The President warned that there would have to be a rigorous selection of new development projects. Priority would continue to be given to agriculture, the substitution of imported oil and the production of export goods.

The budget was said to be consistent with the Government's goal of reducing the public sector deficit, currently 5.6 per cent of GDP. It is based on an inflation prediction for 1983 of 80 per cent.



Israeli jets shoot down Syrian MiG near Beirut

BY STEWART DALBY AND NORA BOUSTANY IN BEIRUT

A SYRIAN MiG-25 was shot down by Israeli fighter jets a few miles east of Beirut yesterday as the last Syrian troops in West Beirut pulled out by road for the Bekaa Valley in East Lebanon.

According to Israeli officials, the MiG-25 was on a reconnaissance mission. They said the pilot's body was found among the wreckage of a two-storey building which was damaged by the falling aircraft.

One person in the building was reported killed and two injured. Other reports said the pilot managed to bale out.

The shooting, which was the first Israeli-Syrian clash in the air for two months appears to have been an isolated incident and does not appear to herald a wider confrontation between the Israelis and the 20,000-30,000 Syrian troops in Lebanon in the Bekaa Valley, diplomats say.

They add that their feeling is that the aircraft was possibly trying to survey whether the Israelis were moving troops and equipment up to the northern town of Tripoli where there are thought to be around 3,000 Palestine Liberation Organisation fighters, still heavily armed.

Since the Israelis started the invasion in early June, the Syrians have lost over 80 aircraft as well as their entire surface-to-air missile system in the Bekaa Valley. The Israelis have lost two other fighter aircraft.

There were unconfirmed reports reaching Beirut and broadcast on Phalange radio yesterday that new surface-to-air missiles are being deployed in the Bekaa Valley under Russian supervision.

The departure of the 1,000 troops early yesterday morning in a convoy of 265 trucks, together with tanks and heavy weaponry, means that the evacuation is all but complete.

A further 900 PLO fighters left in two ships for North Yemen and Syria. This means that all told, 7,750 PLO have now left, as have 3,250 Syrian-commanded Palestine Liberation Army troops and 2,500 Syrians.

The Syrians were part of the regular army 85th Brigade which was cut off in West Beirut early in the Israeli invasion. There are now only a few hundred fighters left to evacuate and this should take place today

Agencies aid 300,000 Lebanese

By Stewart Dalby in Beirut

AN ESTIMATED 300,000 Lebanese are now receiving help and assistance from international agencies and individual foreign countries.

This estimate of human consequences of the 2½-month conflict in Lebanon was given in East Beirut by Mr Peter McPherson, the administrator of the U.S. Agency for International Development (AID).

He said that shelter will need to be provided for 60,000 people before the autumn rains.

"The extent of devastation in West Beirut is clearly very great. However, an on-the-ground assessment is required before we can determine the damage and necessary response."

Mr McPherson did not visit predominantly Moslem West Beirut himself. But he said the U.S. has requested $65m (£37m) for relief and rehabilitation. About $13.5m has been spent so far, largely for relief.

Mr McPherson also announced there would be $30m additional aid in the form of U.S. Government guarantees for repair or reconstruction

Lebanon move puts Arab summit in balance

BY OUR FOREIGN STAFF

THE ARAB summit scheduled for next Monday in the Moroccan city of Fez hangs in the balance after Lebanon's request that the meeting be postponed for one month.

The demand was made to allow the Lebanese President-elect, Bachir Gemayel, who is due to take over from the outgoing head of state, Elias Sarkis, on September 23, to settle into his new office.

The Lebanese request was formally made to a meeting of Arab Foreign Ministers at the conclusion of a three-day meeting in the town of Mohammedia, a few miles north of Casablanca, last Monday.

Leaders of 20 out of 22 Arab League members had agreed to convene a summit in Fez to work out a new strategy in the wake of Israel's invasion of Lebanon.

The previous Arab summit in Fez was suspended last November, a few hours after it opened, because the Arab hardline states objected to a Middle East peace plan, submitted by the then Saudi Foreign Minister, Prince Fahd, which implicitly recognised Israel.

Last weekend's meeting nearly came to a halt when the Lebanese delegation walked out in protest at what they regarded as insulting remarks by the PLO's chief delegate, Farouk Kaddoumi. These implied that Lebanon warmly welcomed the Palestinian withdrawal from Lebanon under Israeli military pressure.

Tunisia's foreign minister, M Beji Caid Essebsi, submitted proposals drafted by President Bourguiba for the settlement of the Palestinian question.

The proposals included a call for the implementation of Resolution 181 on the partition of Palestine, passed by the United Nations General Assembly in November 1947, a document "which provided the sole legal international basis for recognition of the Palestinian entity."

All 22 Arab states attended the Mohammedia meeting except Egypt, which was suspended from the Arab League after making peace with Israel in 1979, and Libya, which said that the meeting was aimed at liquidating the Palestinian cause.

Mr Joshua Nkomo

Nkomo in gamble for his political future

By Our Harare Correspondent

ZIMBABWE's minority party leader Joshua Nkomo yesterday continued his personal campaign for the release of six foreign tourists held hostage by former members of his Zipra Guerrilla movement

With the search for the missing men now into its fifth week, Mr Nkomo addressed his third rally of party followers in rural Matabeleland in as many days.

The speeches have followed similar lines, with a strong appeal for the safe return of the hostages and a call for local people to denounce the actions of dissidents, who have been responsible for a wave of violence in the region since Mr Nkomo's dismissal from the Cabinet last February.

Mr Nkomo's personal intervention is seen by observers as a bold gamble, with nothing less than his political future at stake.

It might be thought that the 64-year-old veteran nationalist has had no political future since he was fired from the Cabinet

But the Ndebele people of Matabeleland, who gave Mr Nkomo's Zapu party 20 of the 100 seats in the Zimbabwe Parliament, have remained staunchly loyal to him

He is probably hoping that if his efforts are successful in securing the release of the hostages it would demonstrate to Zimbabwe's Prime Minister Mr Robert Mugabe, that he still has some control over the dissidents and a part to play in running the country.

Japan's GNP shows sharp rise in second quarter

BY RICHARD HANSON IN TOKYO

JAPAN'S inflation - adjusted Gross National Product (GNP) showed a surprisingly sharp, though probably temporary, spurt during the April-June quarter.

According to a preliminary report, the economy recorded an increase of 1.8 per cent—the best in over two years.

The Economic Planning Agency issued a caution that the April-June performance was the result of a freakish jump of 2.5 per cent in consumer spending, the biggest component in the GNP calculation.

This rate of growth has probably slowed considerably since then, as a result of subsequently bad weather throughout the summer.

While the April-June figures imply an annual growth rate of 5.2 per cent—the same as in the Government's official forecast—the EPA is now privately predicting growth of under 3 per cent for the fiscal year which ends next March.

A closer look at the figures reveals a dramatic change in the pattern of growth this year from last. After providing the lion's share of growth last year, exports (minus imports) have shrunk and are playing almost no role in pushing the economy.

Of a further 1.3 per cent of growth last quarter, 1.2 per cent was generated by domestic demand, which itself was distinctly lopsided.

Nearly all of the increase in the domestic economy came from consumer spending. This jump was attributed to unusually hot weather, which helped the sales of consumer durables, and the effects of stable prices. Poor weather more recently has probably cooled the consumer boom.

Of greater concern are signs that private industry will continue to be a drag on the economy. Private spending for plant and equipment fell 2.3 per cent last quarter.

Inventory spending was slashed 41.8 per cent, indicating that the process of adjusting stocks has been much slower than earlier anticipated.

Economists have also turned much gloomier about exports, which have been sluggish in spite of the weakness of the yen. A further slowdown is now being predicted for later in the year.

The EPA is drafting plans to stimulate the economy, though the chances of effective measures being found are considered slight.

Mr Toshio Komoto, Director General of the EPA, advocates a supplementary budget to boost public spending later in the year by around Y2,000bn (£4.5bn). Public works spending has been stepped up during the April - September half to include three-quarters of the annual budget.

At best, however, such a boost would add less than 1 per cent to growth.

Record tax shortfall expected

TOKYO — Japan's Finance Minister, Mr Michio Watanabe, told leaders of the ruling Liberal Democratic Party (LDP) yesterday that he expects a record national tax revenue shortfall of between Y5,000bn and Y6,000bn (£11.3bn-£13.6bn) in the 1982 fiscal year ending next March, Finance Ministry officials said.

This would be well above the Y2,881bn shortfall in fiscal 1981, also a record, they noted.

The 1982 shortfall will be covered in part by the flotation of an additional Y3,000bn-Y4,000bn of national bonds, Mr Watanabe was quoted as saying.

Additional funds will also be raised by changes in the method of providing for national bond redemptions, and drawing on the reserve which exists to back coins in circulation, Mr Watanabe said, according to the officials.

A supplementary national budget will be presented to Parliament later this year to provide for these measures and also to cut back Government expenditure as much as possible, he was quoted as saying.

Mr Watanabe also told the LDP leaders that he is cautiously looking into the possibility of increasing expenditure on public works, although he does not believe there is much room for such a measure, they said.

The Finance Minister made clear that the Y2,250bn that the Government borrowed from the national bond sinking fund to cover most of the 1981 revenue shortfall will be repaid in fiscal 1983 through the flotation of additional national bonds.

Reuter

India invites oil search bids

BY K. K. SHARMA IN NEW DELHI

INDIA'S Petroleum Ministry will this week invite 35 foreign oil majors to bid for rights to conduct exploratory drilling in the country's continental shelf on the basis of production sharing of oil if it is found in commercial quantities.

The offer will also be opened to any other company that wishes to bid for the rights. The Ministry expects a good response because the Indian Government-owned Oil and Natural Gas Commission has made commercial finds of oil in several parts of the continental shelf in the past two years.

This will be the second time that India is opening the continental shelf for exploratory drilling to foreign oil companies and offers are being invited over areas which have been specially demarcated.

The first round of bids was invited over two years ago and the 35 foreign oil majors shortlisted at the time are now to make bids again.

For the first round, despite the number of bids there was just one contract signed finally after prolonged negotiations. This was awarded to Chevron International of California which is now working in the Saurashtra II block off the north-western coast.

The re-drawn blocks are all in waters more than 200 metres deep. India's Oil and Natural Gas Commission does not have the technology for deep-sea drilling.

Selected bidders are expected to be asked to make a minimum investment within a specified period. They will have the right to an agreed share of the oil found although the Government could insist on buying this until the country is self-sufficient in oil.

Australian Ministers urged again to quit

By Michael Thompson-Noel in Sydney

THE AUSTRALIAN Labor Party (ALP) opposition repeated its call yesterday for the resignation of two senior Ministers in the wake of publication of a Royal Commission report detailing the spread of widescale tax-avoidance schemes in Australia.

The ALP said that the suspension and charging of three senior public servants on Monday for alleged complicity in the affair was not enough.

It repeated its demand for the resignations of Senator Peter Durack, the Attorney-General, and Mr John Howard, the Federal Treasurer.

"The responsibility for the shambles rests ultimately with Senator Durack and Mr Howard," the ALP said.

Evidence of the growth of widespread tax avoidance came to light in a Royal Commission report on the Federated Painters and Dockers Union published last week.

On Monday, the Perth Deputy Crown Solicitor, together with his Principal Legal Officer and Senior Legal Officer, were suspended and charged with failing to fulfil their duties as officers.

Mr Frank Costigan, the Royal Commissioner, linked all three with allegations of ineptitude and corruption in the Perth Deputy Crown Solicitor's Office. The officers face a maximum penalty of dismissal from the civil service.

Budget 'will increase inflation'

By Our Sydney Correspondent

THE AUSTRALIAN Budget of August 17 will produce increased inflation and unemployment, according to the latest quarterly economic review of the Institute of Applied Economic and Social Research at Melbourne University.

It expects inflation in 1982-1983 to reach 11.7 per cent, against a budget forecast of 10.75 per cent, and says unemployment is likely to reach 7.8 per cent by the end of the year.

"During a year when output growth was already expected to be negligible and inflation to increase," said the institute, "the 1982-83 Budget will exert a contractionary and inflationary influence on the economy."

The net impact of lower personal income tax rates, higher cash benefits and higher indirect taxes introduced in the budget would provide a modest boost to real disposable incomes, it added. But it stressed that non-farm business income would be reduced, and that farm income would be severely hit by the current drought.

The institute forecast a growth in non-farm product of only 1 per cent.

Die Transvaler editor sacked

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA's far-right Conservative Party, headed by the former Cabinet Minister, Dr Andries Treurnicht, has scored a major breakthrough following the dismissal of Dr Willem ("Wimpie") De Klerk as editor of Die Transvaler, up to now the official Transvaal organ of the ruling National Party.

Dr De Klerk, an enthusiastic supporter of the Prime Minister, Mr P. W. Botha's tentative race policy reforms, is expected to be replaced by an editor more sympathetic to the Conservative Party (CP), which was formed six months ago after a split in the national party.

The CP has already shown that it has substantial grass-roots support among Afrikaners. It came within a few hundred votes of winning a by-election last month. A leading CP member, Mr Tom Langley, said (with some exaggeration) yesterday that the dismissal of Dr De Klerk was "the most important news event of the year."

His dismissal is a further sign of the crumbling unity of South Africa's 3m Afrikaners. Unprecedented squabbles in politics, religion, business and even the Afrikaner secret society the Broderbond, are rapidly undermining the monolithic image of Afrikanerdom.

Dr De Klerk confirmed that "political undercurrents very definitely played a part" in his dismissal.

Die Transvaler's proprietor, Perskor, which is South Africa's largest publishing company, appears eager for the newspaper to adopt a more right-wing editorial policy in an effort to staunch a serious decline in circulation by attracting Conservative Party supporters.

Several board members of Perskor's controlling company, including two former Cabinet Ministers, are reported to have opposed the decision to oust Dr De Klerk.

The future political stance of other Perskor newspapers is not yet certain. One of them, the English-language Citizen, has given prominent coverage recently to Conservative Party activities.

Former Kenyan police chief 'arrested'

NAIROBI—The former head of the Kenyan police, the ex-commander of the Air Force and several other senior officers are under arrest, the Nairobi Times newspaper said yesterday.

The newspaper report follows persistent suggestions in Nairobi that ex-Police Commissioner Ben Gethi and Air Force Major-Gen. P. M. Kariuki were in custody.

There has been no official comment from Kenyan authorities.

Reuter

Paris puts off N-fuel delivery

PARIS—A French nuclear commission has put off indefinitely negotiations with India for the delivery of nuclear fuel for the Tarapur nuclear plant, a French Foreign Ministry official said yesterday.

The move clearly reflected France's determination to prevent any use of atomic fuel for military purposes.

"Our nuclear exportation policy is clear and as rigorous as any other country," said the ministry official.

Negotiations that were to have been held this week in New Delhi by experts of Cogema, the state-controlled group handling production and sales of nuclear material, have been delayed.

The commission was to have been led by the French Atomic Energy Commission chairman, M Francois de Wissoc. Commission members had been scheduled to arrive in New Delhi on Monday. The ministry spokesman said no new arrival date has been scheduled.

Industry officials said the postponement was due to New Delhi's refusal to comply with the French Government's demand that India meet all the obligations laid down by the International Atomic Energy Agency ensuring use of nuclear fuel for peaceful use only.

During a recent debate in the New Delhi Parliament, several members had rejected any understaking that would prevent India from reprocessing imported fuel for possible military use, the officials added.

AP

ENERGY REVIEW

The Arab refiners' challenge to a struggling industry

By Richard Johns

TROUBLED refiners of the industrialised world have long been uneasily aware of the oil states' objective of increasing the proportion of their crude exported in the form of products. With about one third of their plant currently idle, the prospect can only add to the general gloom when considerably more rationalisation by way of closures and upgrading will be required, anyway, especially in West Europe. The challenge is all the greater since new export-orientated capacity being built or planned by the producers, is geared to the cracking of lighter products for which demand is growing at the expense of the heavier ones.

Statistics recently published by the Organisation of Arab Petroleum Exporting Countries, whose membership must be seen as posing the main challenge, give some indication of its scale and nature.

Oapec's latest annual report records that the installed refined capacity of the 10 member states totalled 3.36m barrels a day at the end of last year, or 2.69m b/d if a somewhat unambitious—though realistic in foreseeable market conditions—80 per cent utilisation rate is assumed, compared with the 93-94 per cent at which operators generally aim.

Either way, the capacity was well ahead of consumption, which in 1980 ran at 1.33m b/d. More ominously, perhaps, another 1.66m b/d is under construction giving a prospective total ins[illegible]led capacity by the midd[illegible] he decade of nearly 5.[illegible] 4.02 b/d on the [illegible] r cent utilisation. In addition another 880,000 b/d is planned but certainly not for implementation by 1985. (The figures do not include Tunisia, which joined OAPEC in March of this year, but has no bearing on the overall equation.)

The problem could be looked at within the context of the Organisation of Petroleum Exporting Countries' impact on refining worldwide.

Essentially, though, the threat—or challenge—is an Arab one. Arab members may account for only some 40 per cent of Opec capacity currently installed but they are responsible for 87 per cent of plant under construction and 76 per cent of that more nebulously planned.

The volume of the products which the Arab producers will want to export—indeed, the availability of their oil in any form—must depend in no small measure on their domestic consumption. For the Arab world as a whole, the rate of increase has been an alarming one. Demand grew at an annual average of 12.7 per cent from 1970 to 1979, compared with 1.9 per cent for the industrialised countries in this period. It ran at no less than 17 per cent per annum for the eight richer members of Oapec, according to the report submitted to the Second Arab Oil Seminar held in Dopa last March. For the three "middle income" members—Algeria, Egypt and Tunisia—the rate was 9.1 per cent.

Domestic consumption has increased at an alarming rate

This year the realisation of the enormity of such conspicuous and largely unrestrained appetite for a wasting asset has begun to dawn on Oapec members. The Kuwaiti Government took action in the spring by raising the price of products, admittedly from a low base — putting up the rate for high octane petrol from the equivalent of 4½p a gallon to 29p. It was a bold measure, however, given the privileged citizenry's assumption that cheap petrol and fuel was a divine right. Earlier, Bahrain had raised product prices from 25 per cent to 80 per cent. Generally, the trend, a politically awkward one, will be towards lowering the rate of increase in consumption through manipulation of prices.

Even if consumption is unlikely to continue to grow at historic rates, a big proportion of oil processed by the Arab producing States will be absorbed by themselves. Much of the overall increase in capacity under construction is designed to meet, primarily or partly, domestic requirements.

Of the new capacity firmly in prospect in Saudi Arabia the 170,000 b/d refinery at Yanbu, wholly owned by the state oil corporation Petromin, is designated wholly for national needs. Even when it [illegible] on stream in 1984, [illegible] is expected to be a shortfall of 70,000 b/d or so of products in the Western province. The planned capacity of 250,000 b/d at two facilities now designated for the Central and Southern provinces rather than Juaymah on the Gulf coast, is also for the domestic market.

OAPEC REFINERY CAPACITIES

Figures for 1981 in thousands of barrels a day

Country	Installed	Underway	Planned	Total
Saudi Arabia	865	995	250	2,110
UAE	135	60	180	375
Bahrain	250	—	—	250
Algeria	521	—	—	521
Syria	224	—	—	224
Iraq	335	200	200	753
Qatar	13	50	—	63
Kuwait	594	106	—	700
Libya	138	220	—	358
Egypt	292	30	250	572
Total	3,347	1,661	880	5,908

The 565,000 b/d Arabian American Oil Company's refinery at Ras Tanura, accounting for most of present capacity, is a long-established export-oriented plant which has recently been expanded and upgraded. Throughput last year was 73 per cent of capacity and some of the products were used locally to make good a shortfall in refining capacity. Bahrain's 250,000 b/d refinery, now owned 60 per cent by the Government and 40 per cent by Caltex, is also a facility dating [illegible] years and geared almost [illegible] exports.

Throughput at the Bahrain refinery has slumped recently to only about 100,000 b/d. The export refineries of the producing states have been by no means immune from the general stagnation in demand for oil and refining overcapacity, especially those, like Bahrain's.

However, the new projects of Saudi Arabia and Kuwait are modern, sophisticated installations, not only designed to meet the demand for the middle and lighter distillates but with considerable product flexibility. On the face of it, Saudi Arabia and to a lesser extent Kuwait will make the most direct impact in the immediate future on contracting capacity in the industrialised world with further inroads being made by Algeria and [illegible]

have 825,000 b/d of capacity designated for export coming on stream, shared between three 50:50 joint ventures—the 250,000 b/d Petromin-Shell refinery at Juball, the 250,000 b/d Petromin-Mobil refinery at Yanbu, and the 325,000 b/d Petromin-Petrola refinery at Rabigh. In terms of the possible disruptive effects of Saudi penetration of the European market one obvious qualification needs to be made. The share of production accruing to Shell and Mobil will have been fully taken into account in the two companies' planning. Little is known of the marketing strategy of Petrola, a company owned largely by the Greek shipping magnate, Mr John Latsis. Indeed, there has been speculation that the project might be pared down.

For Shell and Mobil, like the Kingdom's other partners in heavy industrial projects, one of the main attractions of the deal was the prospect of "incentive crude" in a ratio to the size of their investment. They were presumably satisfied with the profitability of the operations themselves, not the least the cheap finance provided by Saudi Arabia.

They have not, apparently, undertaken any contractual obligation to market Petromin's share of output but it is not inconceivable that they might be asked to do so. Generally, Saudi Arabia, by virtue of being the biggest source of oil, will be in a strong position to dispose of its crude.

Relative to its production and capacity, Kuwait has been even more aggressive. In two years' time it will be able to refine 700,000 b/d compared with a desired level of production of 1.25m b/d, quite apart from the product availability from the various downstream ventures planned abroad. Moreover, it is installing a high degree of cracking capacity designed to maximise output of light products. In the Gulf only the United Arab Emirates, or more precisely Abu Dhabi, has refining aspirations on anything like a similar scale. The aim has been to process 50 per cent of production which last year ran at 1.13m b/d. With the completion of the 120,000 b/d Ruwais refinery last summer the UAE achieved more than self-sufficiency. But in slack market conditions the Abu Dhabi National Oil Company had difficulty marketing the products and for the time being has shelved plans for expanding capacity at Ruwais to 300,000 b/d.

Algeria and Libya are said to give disguised discounts

In North Africa Algeria has been as determined in setting about maximising its return from crude oil by refining as much of it as possible. With the commissioning of the Skikda refinery its installed capacity was officially rated at 521,000 b/d, amounting to some 60 per cent of last year's crude output, though the actual amount is probably more like 440,000 b/d. There has been talk of raising it by another 440,000 b/d which would more or less cover full production at its highest likely level in the future. Completion of Libya's 220,000 b/d Ras Lanuf refinery will triple its capacity.

Algeria and, to a lesser extent, Libya have been successful in persuading customers to lift a proportion of products. They are generally reckoned to have been giving disguised discounts calculated on a "netback" basis (after discounting the costs of processing and transportation), thereby eroding the price of Opec oil this year in an effort to maintain and increase exports.

In practice, prospects for the new export refining capacity will depend largely on the market for oil. If it is tight, then the producers will be able to impose their will on customers. As Sheikh Ali Khalifa, Kuwaiti Minister of Oil, commented last year: "If we think that demand for oil is going to be strong in relation to willingness to produce, there is no problem." The general assumption is that the market will come into more favourable balance for the producers about the time when most of the new capacity comes on stream. At least it can be said the problems of refiners in the industrial world, particularly West Europe and Japan, can only be exacerbated.

U.S. conditions on steel curbs rejected by EEC

BY JOHN WYLES IN BRUSSELS

EEC OFFICIALS in Brussels yesterday rejected the conditions reportedly set by U.S. steel producers for giving their endorsement to the agreement negotiated with the Reagan Administration to curb European steel exports to the U.S.

The European Commission is still working on the assumption that the pact limiting exports of 11 carbon steel products to 5.75 per cent of the U.S. market for 3½ years will be implemented. But officials acknowledge an element of bluff in their approach.

They know the deal cannot operate unless U.S. producers withdraw their legal complaints against EEC exporters which will otherwise result in the imposition of countervailing duties next month on several categories of European steel.

Viscount Davignon, the EEC Commissioner for Industry, yesterday told Mr Bill Sirs, general secretary of Britain's Iron and Steel Trades Confederation, that he was hopeful that the U.S. industry would eventually accept the agreement he negotiated in Washington last month.

Mr Sirs said that he had emphasised the value of the deal to the British Steel Corporation, whose products will otherwise face heavy duties.

Although nothing has been heard from the Reagan Administration, Viscount Davignon and his colleagues were encouraged by yesterday's reports of a softening in the U.S. producers' opposition to the pact.

They originally rejected it but as reported in the Financial Times yesterday, they are now suggesting that significant based on the inclusion of more specialised steel products would make it acceptable.

But the changes reportedly specified by Mr David Roderick, chairman of the U.S. Steel Corporation would mean a reopening of negotiations and were rejected by the Commission yesterday.

Meanwhile, a delegation comprising EEC officials and representatives of European producers of steel pipes and tubes will leave for Washington at the end of this week to discuss the future of EEC-U.S. trade in these products.

The U.S. companies wanted them included in the export restraint agreement, but the EEC has so far refused to consider the possibility and is unlikely to do so unless the carbon steel pact goes through.

Netherlands prepares plan to boost exports

BY WALTER ELLIS IN AMSTERDAM

AN EXPORT plan designed to help the Netherlands compensate for the decline in earnings from natural gas expected in the next decade is being prepared by the Dutch Foreign Ministry.

It calls for the establishment of a co-operative organisation of Dutch trade and industry to boost exports by between 3 and 5 per cent over the next 25 years.

The Dutch trade balance has been extremely healthy for the past 18 months. This year to June, imports were valued at Fl 82bn (£17.4bn) against exports of Fl 90bn—a surplus of Fl 8bn. Compared with the first six months of 1981, imports went up by only 2 per cent, while exports surged ahead by a full 9 per cent.

Perhaps surprisingly, some 35 per cent of Dutch exports consist of farm produce, with most of the rest being industrial and gas. Gas sales, however, are already falling.

Despite the need for conservation, the government has decided to increase its revenue by boosting sales, and it is expected that contracts will be signed this year for the provisions of extra gas to Belgium.

Dutch economic growth in the 1960s and early 1970s was due to a considerable extent to gas, which was not only sold abroad but provided home and industry with cheap, easily accessible energy.

Plea for more funds for Japan's Eximbank

TOKYO—The Foreign Trade Council, organised by 13 major Japanese trading houses, said yesterday it has asked the Government to provide more funds to the Governmental Export-Import Bank of Japan.

The council said the Exim Bank is expected to have a fund shortfall of about Y400bn (£900m) in fiscal 1982, ending next March, because of active export sales of Japanese plant.

In a petition filed with the Finance and International Trade and Industry Ministries and other agencies, the Council said the Government should appropriate additional funds in a supplementary national budget for fiscal 1982 for the Bank.

The council said it has also requested the Bank to keep the present export financing ratio for exports of plant and equipment at 70 per cent by the Exim Bank and 30 per cent by commercial banks.

Exim Bank officials said the Bank originally planned to provide loans totalling Y1.07 trillion (million million) (£2.43bn) in fiscal 1982, compared with Y1.03 trillion last year, but lendings in the first four months totalled Y464bn, or 43 per cent of projected lendings for the full year.

The officials said the bank is also studying a plan to float its first Government-guaranteed external bond to cope with the anticipated fund shortfall.

Government officials said the bank is likely to issue either a Swiss Franc or mark bond worth about Y20bn for the purpose.

The Exim Bank's current problems arose from a surge in financing commitments made in fiscal 1981.

Agencies

Rees to visit Chile

Mr Peter Rees, the UK Trade Minister, leaves on Friday for a fortnight's export-boosting visit to Chile, Paraguay and Ecuador with representatives of six British companies and —institutions, writes Hugh O'Shaughnessy. The visit, Mr Rees's first to South America, forms part of a British Government effort to mend fences with the governments of the area after their support of the Argentine invasion of the Falkland Islands.

Hong Kong hits out over MFA demands

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

SACRIFICES demanded from Hong Kong in its negotiations with the Common Market over the Multifibre Arrangement (MFA), the world agreement governing trade in textiles and clothing, were "meaningless, economically unjustified and illogical," the colony says in a strongly-worded document published today.

"We are prepared to help the EEC with any measures consistent with the MFA, but we cannot willingly sacrifice our quotas. This would serve no purpose except make our own situation worse," according to the Hong Kong Textile and Clothing Industries Joint Conference.

Hong Kong joined a group of 12 Far Eastern countries in Geneva on Monday to co-ordinate tactics towards the European Commission when their MFA negotiations resume next week. Hong Kong is generally accepted as the leader of this group and its strong line is an indication of what will happen in Brussels.

Talks on the bilateral trade agreements between the EEC and 28 low-cost producers began earlier this year, and provisional agreements have been negotiated with 14 of them. But a hard core, which also includes South Korea, India, Malaysia, Indonesia and Singapore, refused before the summer holidays to accept the EEC's proposed import curbs.

This led Herr Horst Krenzler, the Commission's chief textile negotiator, to issue a strong warning at the start of last month that if the 12 did not come to terms with the EEC, unilateral action might be taken on the level of imports.

The Commission has set a tight timetable for these talks. It wants them to be completed by September 24 so its report can be written for the Council of Ministers' meeting in late October.

The Commission's problem is that, although it has reached agreement with 14 countries such as Thailand, Pakistan, Mexico and Romania, the hard-line group of 12 still account for half the EEC's imports of textiles covered by the EEC.

Hong Kong asserts that on the EEC's own figures imports from the colony of the "so-called 'sensitive' categories" had declined substantially since the second MFA was signed in 1978.

"In addition, the figures also show that EEC imports from the U.S. and Portugal have soared, at prices which are far lower than those for Hong Kong's products.

"The sacrifices demanded of Hong Kong would, therefore, be meaningless in terms of helping the EEC but serious in terms of its effects.

● The MFA was begun in 1974 as a four-year arrangement to allow for the orderly reorganisation of Western textile industries while giving the rising output from low-cost countries increased access to these markets.

It was subsequently revised on much stricter terms in 1978 and the third agreement, concluded at the end of last year, is even more restrictive. Hong Kong, for instance, is to be allowed a growth of no more than 0.1 per cent a year in its penetration of European markets for certain goods which are important in its trade.

French foreign trade in cars slips into red

BY DAVID MARSH IN PARIS

A SHUDDER has gone down the spine of French industry following news that the country's foreign trade in cars crept into the red for the first time in July.

Underlining the sharp inroads that foreign competitors this year have made into the French motor market, car imports exceeded exports by FFr 384m (£34m) in July, according to figures published by the Foreign Trade Ministry.

The statistics formed part of another gloomy set of overall trade figures, showing a foreign deficit in July of FFr 8.9bn seasonally adjusted, following the record shortfall of FFr 13.3bn registered in June.

The swing into deficit on motor trade—compared with surpluses for the year of FFr 25bn in 1980 and FFr 24.3bn in 1981—was due partly to a combination of unfavourable circumstances which may not be repeated. The car trade balance for the first seven months of the year remains in surplus, though down from 1981.

But the unfavourable figures for a sector traditionally regarded as an indicator of French corporate health highlight some of the general problems facing industry.

Strikes in the motor industry in the first half of the year, which caused production losses of 35,000 cars at Talbot and Renault and 30,000 at Citroen, have affected the supply-demand relationship with foreign manufacturers.

Preliminary figures at the beginning of August already pointed to the strong showing of imports in July, with foreign makers' market share for the month put at the unparalleled level of over 40 per cent, compared with 28 per cent in June.

Apart from the strike effects—which hit many models in favour abroad such as the Talbot-Samba, Citroen-Visa and Renault-9—the motor industry has suffered a setback as a result of the Government's price freeze ordained in June.

This arrived when companies were preparing to bring out price lists for the 1983 model range. The result—even though it kept prices for the 1983 range down to the 1982 level—was considerable confusion and a blow to promotional efforts, which the industry believes can only have benefited Japanese, West German and U.S. competitors.

The industry is pinning its hopes on a recovery from the strike setbacks and on the favourable impact on competitiveness resulting from the franc devaluation in June. This may, however, take some time to show through.

ICC criticises UN project on multinationals

By Emilia Tagaza

A UN projects aimed at setting rules governing the activities of multinational corporations has proceeded at snail's pace, and has come under criticism from the International Chamber of Commerce (ICC).

The UN Commission on Transnational Corporations, which is meeting in Manila with an intergovernmental group of 25 countries, is hoping to finalise the code of conduct for multinationals, which has been on the drawing board since 1977.

The Paris-based ICC, together with the International Organisation of Employers (IOE), said that the countries working on the code have not reached a consensus.

In a statement presented yesterday to the conference, the ICC said that while the intergovernmental group has drawn up an outline on the obligations of multinational corporations, it had not been able to agree on the responsibilities of host governments.

The ICC and the IOE have also urged the conference to come up with a balanced code, with equal emphasis on the obligations of both multinational companies and host governments.

Data processing

A list of 25 computer companies reported in yesterday's Financial Times should have been headlined Europe's Largest Computer Suppliers. It was incorrectly headed Europe's Top Computer Exporters.

Subsidy cut 'could cripple Berlin flights'

BY LESLIE COLITT IN BERLIN

BRITISH AIRWAYS says that if, as proposed, the West German Government eliminates its subsidy to passengers flying between West Berlin and West Germany, it could lead to the closing down of services to two West German cities and a sharp reduction in service to three cities from Berlin.

Herr Manfred Lahnstein, the West German Finance Minister, proposed that the 18 per cent subsidy be phased out by 1986. The plan, which would have to be approved by the Bundestag, met with strong opposition from the two main allied air carriers serving Berlin, British Airways and Pan Am of the U.S., and from the West Berlin city government as well as the Christian Democrat Opposition in Bonn.

A British Airways traffic analysis shows that if the subsidy to passengers is eliminated it could lead to a termination of service to Bremen and Hanover from West Berlin.

BA carried 355,000 passengers on the Hanover route last year but its load factor was less than 60 per cent.

The British Airways analysis says that after the phasing out of the subsidy, passenger traffic could be expected to fall by 44 per cent. British Airways already had a 9.7 per cent drop in passengers on its Berlin service from April through July while Pan Am had a 7 per cent fall. British Airways said it made a small operating surplus on the IGS in recent years but this did not cover the costs of fleets modernisation. Pan Am had a "positive cash flow" last year on its IGS according to Mr Edward Acker, the board chairman, and it expects a small profit this year. A Pan Am official in Berlin said abolishing the subsidy would also have negative consequences for Pan Am in Berlin.

Dr Gunter Braun of the West Berlin Chamber of Industry and Commerce said he believed the Bonn Government now realises it made a "political mistake" by proposing to end the subsidies. He added there was a good chance the decision would be reversed in the near future.

Air NZ financing

The Export Credits Guarantee Department has guaranteed the repayment and funding of a $13.5m loan which International Westminster Bank has made available to Maroro Leasing for the benefit of Air New Zealand. The loan will help finance the supply of Rolls-Royce RB-211-524 D4 engines for installation in Air New Zealand's fourth Boeing 747 aircraft.

UK NEWS

Prospects of Ulster assembly boycott grow

By Brendan Keenan, Dublin Correspondent

PROSPECTS of persuading Northern Ireland's minority parties, particularly the Social Democratic and Labour Party, to participate in the proposed assembly appear to have been damaged by the reported comments of Mr James Prior, Ulster Secretary, on Monday.

The more moderate SDLP leaders believe their position has been weakened by Mr Prior's insistence in an article in The Times that the suggested Anglo-Irish inter-parliamentary group would be no more than a talking shop.

The Irish Government of Mr Charles Haughey, which is believed to favour an SDLP boycott of the assembly elections in October, was quick to react to Mr Prior's comments.

Government officials indicated that Dublin would not support the establishment of a parliamentary tier along the lines suggested by Mr Prior.

It had been thought that the establishment of such a body might be the best chance of persuading the SDLP, which represents most Ulster Catholics, to drop its boycott of the assembly.

But the SDLP and the Irish Government believe they were promised a substantive arrangement, with a ministerial council and a parliamentary tier to deal with matters of mutual concern to the two countries.

Some senior SDLP members are now expressing doubts about Mr Prior's good faith and say that he seems determined to force them into an abstentionist position.

The sharp deterioration in relations between Mrs Thatcher and Mr Haughey over the Falklands crisis may have tied the Northern Ireland Secretary's hands in terms of concessions to the Irish position.

SDP wants industrial democracy to be compulsory

Margaret van Hattem on a proposal for employee participation

PLANS FOR a compulsory system of industrial democracy which would be imposed on both sides of industry and enforced by sanctions such as fines were put forward yesterday in the Social Democratic Party's latest Green Paper.

The paper, drawn up by the party's industrial democracy policy group for presentation to the party conference in October, proposes an Industrial Democracy Act applicable initially to all companies, including multinationals, employing more than 1,000 people. It could later be extended to smaller businesses.

The Act would require all companies to set up a structure of works councils, representing all occupational groups in each workplace, within a year of its coming into force.

Within two years, each organisation would be required to conclude an agreement providing for employee participation in all levels of decision-making, and to register these agreements with an independent Industrial Democracy Agency (IDA).

This agency would be a statutory organisation with responsibility for enforcing the Act. Its governing body would be appointed by the relevant secretary of state and it would be answerable to parliament. The agency would set up guidelines for agreements in a code of practice, and assess whether agreements submitted to it were eligible for registration.

"Cases of non-compliance with the Act should be instituted in industrial tribunals by the IDA," the paper says "and may also be instituted by employees collectively or individually.

"The penalties on summary conviction should be fines on the organisation. The IDA should have powers of compulsory arbitration, subject to the right of any party to appeal."

The code of practice would be based on five guidelines set out in the paper:

● All employees should be able to participate whether or not they belong to unions, and approval of agreements and election of representatives should be by secret ballot.

● Where collective bargaining structures already exist, these should run in parallel with the new arrangements.

● Responsibility for drawing up participation arrangements should rest with owners, managers and employees.

● Employee participation should be as decentralised as possible.

● The structure of participation should be formal, open and published. Commercially sensitive information could be safeguarded by confidentiality agreements.

The code would set out a range of structural options for implementing the Act. These would include employee representation on boards or on top-level councils and works councils; collective share ownership; profit-sharing schemes; and direct participation by employees with management in deciding the content of their own jobs.

The paper proposes two grant-aided schemes to encourage employees to participate; a job design scheme "to encourage employee participation in the design of individual jobs," with back-up insurance in case problems run into economic difficulties; and training grants to promote discussions during working hours between workers and management on how to maintain and improve the quality of their products.

The paper strongly supports employee ownership of businesses, particularly in the form of co-operatives, and says the Government and the banks should "treat co-operatives on at least equal terms with conventionally-owned companies."

Employees should, it says, have the first option to buy up companies facing liquidation or threatening to close down branches or plants. It proposes a scheme whereby employees might rent from the receiver or liquidator any failed company. Further, it proposes a wide range of tax concessions — including relief on capital transfer tax, capital gains tax, corporation tax, and, in some cases, income tax — to help employees take up these options.

Sir Austin Bide likely to keep 'low profile' at BL

By Sue Cameron

SURPRISE and some incredulity met yesterday's announcement that Sir Austin Bide, chairman of Glaxo is to become the chairman of BL.

Sir Austin, 66, is to be a non-executive chairman, unlike Sir Michael Edwardes, the incumbent, and he has been a non-executive director of BL for five years. He has also been the non-executive deputy chairman of the state-run automotive group since 1980.

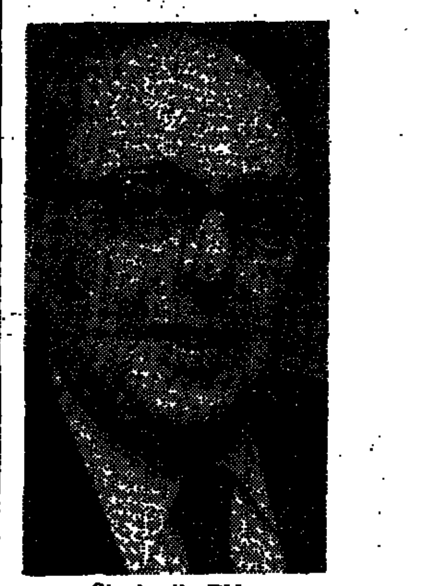
It would be hard, however, to find two more sharply-contrasting companies than the labour-intensive BL and the private-sector, profitable Glaxo where Sir Austin has worked 30 years.

One observer said last night: "I just couldn't believe it when I first heard it, I really couldn't. He's pretty unobtrusive. A bit gnome-like. He keeps a close eye on you. At first sight you might not be too impressed. He certainly doesn't look like a tycoon."

"But perhaps the Government wants someone who will keep BL out of controversy, especially now that Michael Edwardes has given BL a much more clearly-defined structure. If a low profile is what is wanted then Bide is the man. And he made a success of Glaxo. The appointment could turn out to be a good one."

Sir Austin's unobtrusiveness appears to be one of his most notable characteristics. Everyone who has ever had any contact with him has been struck by it.

This could be a reason why his appointment has raised eyebrows. Pharmaceutical industry analysts say Glaxo has become much more "open" since Sir Austin ceased to be its chief executive as well as its chairman in 1980. Even he,



Sir Austin Bide

however, may find it hard to avoid the public eye when he takes over at BL.

He is a chemist with a first-class honours degree from London University. Those who know him say he is much in the scientist mould. He held a wide variety of jobs in Glaxo before becoming chairman and chief executive in 1973, including heading the group's research department.

Inside and outside Glaxo, Sir Austin, who is chairman of the Confederation of British Industry's research and technology committee, has stressed always the importance of research and development for those who want to keep ahead.

His scientific approach makes him a fine committee chairman. Pharmaceutical industry experts say he will listen to all evidence on an issue without trying to dominate discussion. They add, however, that having decided, he is tough and determined in pursuing a course.

Assessments of him as Glaxo chief executive vary. Profits were on a plateau for much of the period, and some say he failed to open up any vistas for the company while running it on a day-to-day basis.

The strongest criticism is that he failed to boost Glaxo's historically weak marketing. Glaxo's marketing department was one of the few he did not touch on his way up the company ladder.

There is common agreement Glaxo should have entered the U.S. market much earlier.

Others say his emphasis on research has been paying off handsomely. They say development of a drug cannot be accomplished overnight. Over the past five years the group launched three major drugs.

Sir Austin's supporters also say it was while he was chief executive the group acquired Meyer Laboratories, its first direct presence in the U.S.

Since giving up the chief executive job at Glaxo, Sir Austin has spent more time than might be expected at BL. He is chairman of BL's investment panel, which examines any proposed project costing more than £5m.

He has shown himself tenacious. He helped fight off Beecham's bid for Glaxo.

How he will deal with BL with its history of troubled labour relations remains to be seen.

Last night Sir Austin himself was not giving any hints as to how he might tackle the job. Characteristically, he was "not available."

Howe opposes Commonwealth plea for Third World aid

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A MEETING of Commonwealth finance ministers in London broke up in disunity yesterday after a plea for a major international effort to give more financial help to the Third World.

The proposal came from Mr Robert Muldoon, Prime Minister of New Zealand, and was backed by the majority of the 43 member-countries attending.

But Canada, Australia, Jamaica and the UK opposed the idea after Sir Geoffrey Howe, Britain's Chancellor of the Exchequer, warned that it could lead to general financial laxity and the danger of worse inflation.

Mr Muldoon called for a major international meeting modelled on the spirit of the Bretton Woods conference of 1946. The aim would be to design new international institutions to deal with the crisis which he believes now faces the world economy. This would mean a thorough-going reform of the World Bank and the International Monetary Fund to make them more responsive to the needs of the underdeveloped world.

Mr Muldoon's plan called for easier conditions for lending by the World Bank and for support by the IMF; a substantial increase in the quotas which determine the amount countries may draw from the IMF; and a major increase in the world's liquid reserves through further issues of special drawing rights.

He said there was a basic fallacy in the system of conditions imposed by the IMF for its support. This was the idea that countries in balance of payments difficulties should live within their means.

Many countries were incapable of living within their income at any standard of living that was reasonably acceptable in today's world, he said.

However, Sir Geoffrey urged the ministers to be more cautious. He told them the current economic difficulties would be unlikely to be helped by an increase in liquidity. The great failure of the world's economy since the war had been the growth of inflation, he argued.

The economic order set up at Bretton Woods had failed to cope with this, Sir Geoffrey said. Moreover, he was sceptical about the use of a further international conference to confront the world's problems.

He urged the ministers not to do anything that would undermine the present international institutions and warned that it would be futile to try to change them in ways that would be unacceptable to the U.S.

Motorcycle outlets 'must be reduced'

By John Griffiths

A DROP in the number of motorcycle outlets is inevitable because of this year's sales slump, according to a study in the Economist Intelligence Unit's Journal Retail Business.

It says the rationalisation is "overdue" for the less efficient of the UK's 1,800 retail outlets.

Commenting on a survey of dealer profitability which suggested a 40 per cent decline in dealer profitability between 1975 and 1979, the study says the weeding out of less efficient outlets should allow a restoration of profit margins among survivors through less intense competition and greater individual dealer turnover.

It traces the decline in profitability mainly to price-cutting, "which in turn has been related to increasing congestion in the distribution chain, with an ever larger number of dealers competing in an unregulated market."

It says: "The pressures on margins induced by price cutting are not easing up." Returns remain minimal while overheads have continued to rise.

It stresses the contrast between the ways in which cars and motorcycles are sold. Car dealers had mostly single franchises, with strictly demarcated sales territories and one-year agreements with suppliers.

Motorcycle dealers, however, had virtually no guaranteed sales areas and very few were single franchise. Agreements with suppliers were mostly for 90 days.

Vauxhall steps up fight against Ford

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VAUXHALL, the General Motors subsidiary, today makes major changes to its car range, including a price increase averaging 5 per cent for the Cavalier models.

The new Cavalier line-up is designed to put the maximum pressure on Ford, which is due to launch the successor to the Cortina, the Cavalier's major rival in the UK, next month.

Ford increased Cortina list prices 4.5 per cent in April and had hoped to add another 8 per cent for the Sierra, the Cortina replacement.

However, Vauxhall did not increase its prices in April, and the rise which takes effect today makes the Cavalier only slightly more expensive than the Cortina. The two cars favoured by the fleet buyers, for example, are the Cavalier 1.6 L four-door saloon, now £5,411, against the Cortina 1.6 L at £5,335.

As a result, the industry believes Ford may have to make do with a differential of only 4 per cent between the Cortina and Sierra list prices.

Vauxhall has also improved the specifications of all its models. The company claims that improvements to the Cavalier account for 2.5 per cent of the price rise. By all accounts, the Sierra has been moved considerably up market from the Cortina, and Vauxhall clearly did not want the Cavalier to compare unfavourably with the new Ford.

Surprisingly, Vauxhall has stopped producing the base model in the Cavalier range, the two-door 1.3 model. Cavalier models now start at £4,820 for the 1.3S four-door and go up to £6,932 for the 1.6 GLS five-door hatchback.

Vauxhall has drastically revised its eight-year-old Chevette range, cutting it from 12 to six models. The base model has again been deleted and the remainder have improved specifications. Prices start at £3,624 for the L three-door hatchback and go up to £4,135 for the GL four-door saloon.

The company has dropped all the saloon models from its Astra range, including the base model. The line-up consists of hatchbacks and estate cars only. Prices start at £4,233 for the 1.2 three-door hatchback and rise to £5,951 for the 1.6 GL five-door estate.

GM has combined the Vauxhall and Opel franchises in the UK and the Opel Kadette—the West German company's version of the Astra—has now been dropped from the range GM offers here. The only cars still bearing the Opel badge in the UK are the low-volume, high-priced Manta, Rekord, Commodore, Senator and Monza models.

● Porsche of West Germany is increasing the prices of its sports cars in the UK by an average of 4 per cent—the first rise since November 1978.

The company has previously been able to absorb cost increases because of the strength of the pound against the D-mark. However, Mr John Aldington, managing director, says: "Now factory increases have caught up and there is no longer enough in the exchange rate to allow us to absorb them."

Porsche sales in the UK in the year to the end of August reached about 2,600 cars—up from 2,300 in the previous 12 months—and it expects to have around 3,000 registered in the 1982-83 model year.

Porsche prices now range from £9,494 (up from £9,103) for a 924 manual to £29,250 (from £27,590) for the 911 turbo.

Increase in separate tax assessments

By Jeremy Stone

THERE HAS BEEN a marked increase in the number of married couples opting to have their incomes separately assessed for tax. According to the Inland Revenue Statistics for 1982, published today, the cost of providing additional allowances where husband and wife are taxed separately rose by nearly 80 per cent to £160m.

It is believed that about 200,000 couples chose individual taxation, roughly one-third more than last year. The decision not to raise personal allowances in line with inflation in the 1981 budget—which emphasised the advantage of receiving two single allowances — is thought to be the explanation.

In money terms, the statistics probably over-dramatise the change, since the published figure for 1981 is now thought to be an underestimate; a true figure might be nearer £120m than the £90m shown last year.

Rising unemployment between the two years is reflected in the total of tax-exemption accorded to unemployment benefit, £170m higher at £400m.

It may be a reflection of the same trend that the relief on life insurance premiums is marginally lower. By contrast, relief relating to pension schemes jumped from £0.7bn to £1bn.

Reliefs from corporate taxation are analysed in more detail than last year: capital allowances of £2bn—out of £7.9bn—are shown to relate to oil and gas production in the North Sea. The overall impact of stock relief and capital allowances on corporation tax is tentatively estimated at £9.8bn.

Inland Revenue Statistics 1982, HMSO, £8.95 net.

Bedding groups consider merger

BY CHARLES BATCHELOR

TWO OF the best-known names in the British bedding industry — Silentnight and Slumberland — yesterday announced that they had begun talks which could lead to a merger.

Silentnight Holdings, the largest British bedmaker, said it hoped to take over the bedding activities of Duport Group, a company which also has metal forming, plastics and furniture interests.

Duport's Slumberland, Vono and Vi-Spring makes of beds together rank as the third or fourth largest group in the UK bedding industry, accounting for about £19m of Duport's £71.5m turnover in the latest trading year. Duport employs 700 people at six bedding factories in the UK and one in Australia.

A link-up of Silentnight and Duport would create a company with £92m turnover and a workforce of 3,900.

Duport, which is based in Tipton near Birmingham, said the assets involved had a book value of £4.5m. Silentnight of Colne, Lancashire, said it was too early to put a value on the deal but payment would be in cash.

Like other UK bedding and furniture groups, Duport has been severely affected by the recession and fierce price competition between retailers, according to Mr Henry Mitchell, group financial controller.

The company reduced the overall loss on furniture and bedding activities to £167,000 in the year ended last January from £1.16m the year before. But while furniture-making produced profits, bedding made a loss.

Duport last year ended its steel making activities—halving group turnover.

Silentnight first approached Duport four years ago when it ran into difficulties in the steel division but has up to now met with rejection, Mr Clarke said. The two companies are in an early stage of discussions and no further announcement is expected for four to eight weeks.

If the acquisition goes through, Silentnight will gain a company making beds across almost the entire price range and with a number of special manufacturing techniques. Silentnight would hope to license its own expertise to foreign manufacturers alongside existing Slumberland licences.

Silentnight's share price was an unchanged 48p yesterday while Duport's shares fell ½p to 12½p.

Long life battery range launched by Unipart

By John Griffiths

UNIPART, BL's parts and accessories arm, is launching a range into the 4m a year UK replacement batteries market—each battery carries an unlimited life guarantee for as long as the car stays with the same owner.

The Samson Premium range will sell at the top end of the market, at recommended retail prices of between £28 and £77.

It represents a marketing, rather than a technical innovation, however. Only a small minority of motorists tend to keep their cars longer than four years.

Unipart believes that the small cost of replacing such batteries is likely to be more than offset by the attraction to motorists of knowing they can claim a replacement at any stage of owning one car.

The batteries are made for Unipart by Tungsten, part of the Chloride group, and are maintenance-free.

Nissan to study industrial relations in Britain

BY JOHN GRIFFITHS

NISSAN said yesterday it is sending a team to the UK to study the industrial relations climate again, following its postponement in July of a decision on whether to build a car plant in the UK.

"We are getting the impression that maybe there is a change taking place among workers," the company said. "Maybe they are beginning to take the offensive again after being on the defensive for the past two years—and are getting more inflexible."

Nissan's remarks appeared to refer to the rail and health service disputes:

Nissan said it was not greatly concerned, "but we feel the need to send the mission to find out if our impression is correct."

When Mr Masataka Okuma, Nissan's vice-president, announced in London that Nissan would postpone indefinitely its decision on a plant to make 200,000 cars a year he blamed the world outlook for the car industry in general as the reason for the delay.

Questioned after his announcement, he said Nissan's ability to build cars in hte UK's industrial relations climate was not at the forefront of its concerns.

He categorically denied that Nisan had already decided hat the project was not viable, and that it had yet to find an acceptable way of breaking the news to the Government.

Yesterday's move, however, comes more than a year after the date by when Nissan was originally due to announce a verdict. It can only reinforce the UK industry's feelings that it is another step in a softening-up process which will allow Nissan to announce that it is abandoning the scheme.

New London Transport chief takes over

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

DR. KEITH BRIGHT became chairman and chief executive of London Transport yesterday. He takes over when the future of LT seems set to be at the centre of a political battle between the Government and the Labour-led Greater London Council.

Dr Bright, formerly group chief executive of Huntley and Palmer, the foods group, has a five-year contract at an initial salary of £42,000, to be reviewed annually but without commitment to any increase.

Sir Peter Masefield, outgoing chairman of LT, received a salary of £36,550. Dr Bright's contract also specifies that £12,000 should be contributed annually to the pension fund of his former employers to bring his pension rights into line. He has also been permitted to retain up to three part-time appointments provided that these do not conflict with his LT responsibilities and that they take up not more than 5 per cent of his time.

An all-party committee of the GLC appointed Dr Bright to head LT in May, when he was described by Mr Dave Wetzel, chairman of the transport committee, as "the ideal man for the job."

The political battle continues between the GLC and the Government which began with the GLC's low fares policy. Mr David Howell, Transport Secretary, has given notice that he intends to bring in a Bill early in the new session of parliament to increase the level of responsibility of central government over subsidies for transport systems in the metropolitan counties, including the GLC, met by taxpayers and ratepayers.

Mr Howell has said that he wants to see LT fares reduced. But it seems certain that the GLC's preferred options for substantial fare cuts will be dismissed as being too expensive.

The GLC's so-called "restrained needs" option, for instance, enabling fares to be held next year at 59 per cent of their March 1982 level, would involve total support of £495m, while re-introduction of "Fares Fair" would require £593m.

BP man faces tough task

BY RICHARD JOHNS

ONE of the foremost and toughest tasks of Mr David Simon, new chief executive of BP Oil International, will be to continue the company's programme of rationalising excess refining capacity.

Mr Simon, 43, was appointed managing director of one of the two largest of British Petroleum's 10 "businesses" covering all its refining and marketing operations, yesterday. He succeeds Dr Walter Kirsten, who is returning to the management board of Deutsche BP, of which he is a member.

BP set out to reduce capacity from 100m to 60m tonnes by 1985-86. Over the past year or so, some 30m tonnes of unwanted capacity has been disposed of, including the 10.4m tonnes Isle of Grain plant and some 16m tonnes in West Germany.

Mr Simon's background is reckoned to suit him ideally to the task of restoring downstream operations in Europe to profitability.

He has been groomed for the job since May when he was appointed deputy to Dr Kirsten. Previously he was marketing director of BP Oil.

Mersey's dockers knuckle down to reality

Andrew Fisher reports on a determined effort to survive against a tough Government deadline

PORTS IN BRITAIN
Liverpool

THE PORT of Liverpool has seen better days and is striving to return to prosperity in the unforgiving business climate of the 1980s. Its managing director is spearheading Mersey Docks and Harbour Company's efforts to attract trade and become more efficient.

He is Mr James Fitzpatrick, 52, who has sleek silvery hair, an energetic manner and a handshake that makes one feel one's right hand will never quite be the same. He and his managers stress the port's tough, realistic approach to business.

Its dockers, much fewer after voluntary redundancy schemes, are shown films in which Mr Fitzpatrick is grilled by Mr Brian Redhead, the journalist and broadcaster. The latest is called Make or Break.

In this, Mr Redhead runs through Liverpool's policies for the future, its need to save money and to start earning profits against a stiff government deadline, and its attempt to agree a new pay and working practices deal with the dockers.

He then asks: "You don't think the Port of Liverpool is doomed anyway?" Mr Fitzpatrick replies that he does not and says it has "a bright future in a smaller, sharper form."

Liverpool, like the Port of London Authority, has been told by the Government there will be no cash to cover its deficits after the end of this year. Breaking even comes as a tall order from the Government, therefore, because in 1981 Liverpool was hit by withdrawal of various trades and local factor-closures costing it about £9m in revenue.

The port's managers gained a major boost last week, however, when Liverpool dockers—2,500 in the whole port and 1,500 employed by Mersey Docks alone—voted overwhelmingly to accept a pay deal linked to manning changes.

The men's basic pay was £89.50 a week. They now receive £9 more a week, backdated to May. They have agreed that work-gangs can be reduced in some areas of the port and dockers shifted to other groups when necessary so ships are not delayed. They will receive another £9 next year, unconditionally.

Preceding the men's agreement were some tough words from Mr Fitzpatrick, who is also chairman of the Liverpool Port Employers' Association.

Mersey Docks, the dominant employer, responsible for the port's running, lost more than £1m in July, he said. "When a company is losing £60 a week for every man and woman on the payroll it can afford nothing less than total realism."

Last year Mersey Docks made a trading loss of £7.5m, nearly twice the level of the previous year. Revenues were down from £65.6m to £61.4m.

Mindful of Liverpool's reputation elsewhere for labour disputes Mr Fitzpatrick told the workforce any industrial unrest over the pay and working practices deal would be "nightmarish."

"Let no man doubt he would return to a port in need of even more drastic surgery on manpower, working practices and facilities—a port that would have been mortally wounded."

In deciding the offer should be accepted the union leaders took into account not only the port's heavy losses but the fact about 70,000 people depended on the port.

Mersey Docks is relying not only on improved working methods to tone up its efficiency. It is shedding a further 1,500 employees this year, including 800 from the dock labour force. In 1981, 1,200 went, about 770 of them dockers.

It is also reducing sharply the number of port engineers and reorganising cargo-handling in the port, including the transfer of men from Birkenhead across the Mersey to Liverpool itself.

All this is happening, however, while major economies are in recession, with little help expected from any trade upturn. "We have to fight hard for every tonne of cargo of every description," Mr Fitzpatrick says. His opponents are the other UK ports.

Mersey Docks has boosted its marketing efforts to try to ensure no potential business slips through its fingers. "It's no good going after everything under the sun," says Mr Fitzpatrick. "You have to select what's right for the port. You've got to do a lot of intelligence work first."

After a trip by port managers to western Canada the port hopes to handle a lot of timber from there. The port's deep water means it can receive the largest bulk-carriers, of 100,000 deadweight tons and more.

Liverpool is strong in the West African trade, recently affected by Nigerian import restrictions. The major European shipping consortium, Atlantic Container Line (ACL), of which Cunard is a shareholder, is committed to the port for its transatlantic service, also using Southampton.

Major container lines now tend to use the south—and east—coast ports, like Southampton and Felixstowe, more than the old general-cargo ports. So Liverpool is trying to tailor its facilities to those trades for which it thinks it is best suited.

EEC brings management aid to small companies

BY NICK GARNETT, NORTHERN CORRESPONDENT

A BUSINESS initiative programme, which is part of an EEC-funded experiment to test the impact of outside professional managerial assistance on recently-formed small companies, was formally launched on Tyneside yesterday.

Wigan and Carrickfergus are also part of the project, together with four areas in France and Italy. A West German business consultancy, ABT Forschung, has been given the task of monitoring the performance of the seven areas on behalf of the EEC.

Entrust, a private organisation set up to handle up to £1.3m in funding from the EEC Social Fund, the Environment Department and Tyne and Wear County Council over the next three years, is intending to expand the work of Enterprise North. This provides assistance from professional business people to start up companies, and operates within the area accepted by the EEC for its special initiative.

Entrust will be able to provide and pay the salaries of people of managing director level for periods of up to two years.

The organisation so far has recruited six people, called "pilots," who were being employed at senior levels in such companies as Vickers. It can also provide production engineers and management accountants, and intends to fund a considerable training programme — from in-house training to the sponsorship of courses at Durham University business school and Newcastle Polytechnic.

Entrust, which has already been involved with about 80 small companies, said yesterday it was seeking companies with real growth potential who could use expert management assistance and training.

Two of the companies it has begun assisting are Sunderland-based Dennis Potter, which is developing a polyurethane block-house-building system, and a Newcastle electronics company, which Entrust hopes will expand to about 40 employees in the next six months.

One of the training courses it expects to be of particular importance is on export marketing. It is aimed at companies which believe they have export potential, but have as yet done little to exploit this side of the business.

Letchworth transmission plant to shut

By Robin Reeves

BORG WARNER of the U.S. is to wind up its remaining activities at Letchworth, Hertfordshire. This follows the company's decision earlier this year to abandon a £33m project to develop and manufacture an automatic continuously variable transmission for the U.S. and European motor industries.

Borg Warner initially planned to slim down the engineering operation at Letchworth, but the company's U.S. headquarters has now decided to wind it up altogether. Some employees will be kept on to serve remaining transmission customers.

Mr Derek Gardner, director of engineering at Letchworth, is to become responsible for Borg Warner's products development centre in Pontiac, Michigan, U.S.

It was revealed last week that Borg Warner also plans to reduce the workforce at its other UK plant at Kenfig Hill, South Wales, through voluntary redundancies.

Thatcher to hear concern about Scottish industry

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MRS MARGARET THATCHER, the Prime Minister, will here a catalogue of grievances over the rundown of industry in Scotland when she meets both employers and employee organisations in Glasgow today.

Her Scottish visit will end with a weekend to be spent with the Queen and Royal Family at Balmoral, but before that the Prime Minister is due to meet the Scottish Trade Union Congress and the Scottish branch of the Confederation of British Industry.

The CBI, apart from its gloomy predictions for the national economy, has some sombre thoughts about the economy in Scotland, where declining business confidence is accompanied by growing unemployment.

Scottish worries over the rundown of steel, the danger of further closures and the need for more regional assistance to help Scotland's business compete in European markets will be put to the Prime Minister when she meets the 450 members of the CBI invited to a reception in Glasgow.

At a dinner later in the evening, Mr James Gould, chairman of the CBI in Scotland, is likely to echo regional anxiety over interest rates and over a rating system that has permitted Scottish local rates to increase by 80 per cent over the past year compared with 40 per cent in England and Wales.

While the CBI will not be holding sit down talks with the Prime Minister, the unions will. Mrs Thatcher accepted the request for a meeting with the STUC. It will take place just before the CBI reception.

The general council of the Scottish TUC met early yesterday to consider a paper on the state of unemployment in the region which now stands at an all-time record of 15.9 per cent. Of the nearly 356,000 jobless, about 201,700 are in Strathclyde, the region around Glasgow and the West of Scotland which is the heartland of Scotland's traditional heavy industry.

Unions are also likely to put a forceful case on steel closures. British Steel's decision to close its Clydebridge works with the loss of 575 jobs and the closure of Parkhead Forge in Glasgow, where 400 will lose their jobs have been bitter blows for this sector of the economy.

The unions feel strongly that unless a stand is made to resist closures, the future of the big Ravenscraig steelworks in Motherwell will also be in jeopardy. Ravenscraig is currently shedding a further 320 jobs and shutting down one of its three blast-furnaces.

Backing hope for Lear Fan venture

Financial Times Reporter

DIRECTORS of Lear Fan, the Northern Ireland aircraft manufacturers, said yesterday they had reached preliminary agreement with a group of major investors in a bid to strengthen substantially the company's financial position.

The Government has committed £34m to the venture, but an extra £50m is needed in private development capital to take the advanced carbon fibre eight-seater aircraft into production.

The company expects the deal to be finalised within a few weeks. If all goes well, the major cash injection would help save jobs at the factory in Newtownabbey, on the outskirts of Belfast.

A statement from the company said: "Production deliveries are projected to begin in September, 1983 and some 273 Lear Fans are on firm order."

A U.S. company, believed to be the Beech Aircraft Corporation, and a Saudi Arabian consortium, were both thought to have been involved in negotiations in recent weeks.

Mr Darwin Templeton, chairman of Lear Fan, has said the board of directors is determined the advanced aircraft should be built in Northern Ireland.

The statement from Lear Fan's board of directors said carbon fibre materials enable the new aircraft to offer jet class performances while consuming only a third the fuel of small business jets or one half the fuel of competing turbo props.

There has been speculation that if Beech Aircraft Corporation is involved as a takeover bidder it could endanger the future of the Lear Fan project for Northern Ireland as all Beech factories are in the U.S.

Lear Fan, in addition to having the 560 strong workforce at Newtonabbey has 440 employed at Reno, Nevada.

If the group of major investors is a Saudi Arabian consortium, as speculated, it would present the Northern Ireland economy with a very interesting development.

Meanwhile a Department of Commerce spokesman in Belfast said: "There are a lot of jobs at stake and we are very keen to get final agreement."

No miracles in store for airlines

BY LYNTON McLAIN

THE GROWING financial problems of international airlines with rising losses, debts and massive capital investment requirements, have put airlines "in a hole where there are no miracle solutions," Mr Knut Hammarskjöld, director general of the International Air Transport Association, said in a paper presented on his behalf in London yesterday.

The 120 airline members of IATA are expected to lose $1.9bn (£1.09bn) this year on international operations on $40bn revenue. The airlines, however, are "plunging further into debt at an alarming rate," delegates at the Financial Times Royal Aeronautical Society conference, Aerospace Enters a New Era, were told by Mr Geoffrey Lipman, executive director of Mr Hammarskjöld's office, appearing in the director-general's absence.

At the same time the airlines are estimating a $100bn investment in aircraft to meet new environmental regulations and to cater for "the most modest growth."

The level of profits to finance this capital programme "seems

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AEROSPACE
Enters a new era
CONFERENCE

a pipe dream in the face of recent and continuing losses," according to Mr Hammarskjöld's paper. An annual profit of 7.5 per cent of airline revenue each year this decade, amounting to a total $3.5bn profit, is the minimum needed to finance new aircraft purchases by IATA airlines.

Many airlines have been losing money for at least three years. Collectively, they have not covered their operating costs and interest charges since 1978.

Interest charges alone account for an estimated $1.6bn of the expected losses this year.

At the same time airlines are becoming more heavily indebted at a rapidly accelerating rate. At the start of this decade, the ratio of debt to equity was 60/40. By the end of this year it is expected to be 90 per cent debt and 10 per cent equity "and it's getting worse," Mr Lipman said.

Mr Hammarskjold urged a new realism in the airlines, public and governments.

All parties had to recognise that:

Two of the speakers at the aerospace conference: left, Mr Michael Fenello, deputy administrator of transportation, Federal Aviation Administration; right, Mr John Winant, president of the National Business Aircraft Association

- There are no economic or technological miracles waiting in the wings, no breakthrough aircraft or propulsion plants and no point in harking back to the "good old 60s when booming GNP, low inflation and a new jet fleet saw traffic increase at a double digit rate while costs dropped almost universally."
- There are no miracle airlines. Even the highly efficient U.S. airlines are facing a half-billion dollar loss in the first half of this year. Delta Airlines recently produced its first quarterly loss for 22 years.
- There are no miracle aviation policies. U.S. deregulation has not produced the promised price and product revolution, Mr Hammarskjold said.

Airlines have already started to tackle the problems, he said.

IATA wanted an end to the "open-skies policies at one extreme and protectionism at the other."

M Jean-Didier Blanchet, senior vice-president for commercial affairs in Air France, also told delegates that economic and social changes will most affect air transport rather than technological change. He forecast that there would be no further technical revolution in aircraft concepts in the next two decades.

Development would centre on ways of cutting aircraft fuel consumption. This would be based on derivatives of existing engines, the use of new materials for lighter airframes and longer lives, the greater use of data processing in aerospace design and the use of digital flights systems for cockpit management.

There was no hope of new aircraft fuel before the end of the century, but it was possible that liquid hydrogen would come in after the year 2000, M Blanchet said.

This slow-down in technical progress over the next two decades would give airlines an energy saving of between 25 per cent and 40 per cent.

Rising world population, greater urbanisation and an increase in the importance of Third World countries would strengthen the importance of foreign trade in the world economy.

The forecast effect on air transport was growth in traffic of between 4 per cent and 6 per cent per annum. This was about 2 per cent higher than the forecast economic growth. Cargo was expected to grow slightly faster than passenger traffic, according to M Blanchet.

Mr Norman Payne, chairman of the British Airports Authority, told delegates that air transport had suffered less than industrial production in the recession. Production fell by 15 per cent between the second quarter of 1979 and the second quarter of 1981; compared with the drop of only 3 per cent for passenger traffic over the period.

This reflected the great underlying strength of air transport, he said. Traffic at the BAA's seven airports in 1981-82 was 1 per cent up on the previous financial year.

In a paper on a regulator's view of future civil aviation needs, Mr Raymond Colegate, group director of economic regulation at the Civil Aviation Authority in London, said that the regulator has a "positive duty to try and bring about a profitable operating environment.

"To operate profitably, airlines need to be able to rely on the long-term stability and continuity of regulatory policies," Mr Colgate said.

Mr Michael J. Fenello, deputy administrator, in the U.S. Department of Transportation, Federal Aviation Administration, gave a paper on the U.S. national airspace system plan and the national airspace review. The airspace system plan was launched earlier this year as a 20-year plan for modernising and improving the U.S. air traffic control and air navigation system.

The plan is based on the replacement of air traffic control computers, improved weather services and the use of new radar, communications and airport landing systems.

Mr John H. Winant, president of the National Business Aircraft Association of the U.S., described the booking of orders for new business aircraft as "extremely slack, with no type of aircraft exempt."

Similarly, the used aircraft market was "in disarray." Prices had fallen by between 20 per cent and 30 per cent in the used aircraft market compared with the prices asked originally several months previously.

The FT/Royal Aeronautical Society aerospace conference continues at the Grosvenor House Hotel today and tomorrow.

Scheme to finance secret ballots extended to cover wage offers

BY JOHN LLOYD, LABOUR EDITOR

THE GOVERNMENT has extended its scheme to pay unions the cost of mounting secret ballots, to cover ballots on wage offers.

The present scheme, brought in by Mr James Prior, the previous Employment Secretary, in his 1980 Employment Act, covers strikes, union elections, rule changes and mergers. The extension—a major one—comes into force today, following regulations laid before Parliament on August 10.

Ironically, the recent ballot held by the Royal College of Nursing among its membership, which produced a two to one majority against acceptance of the Government's 7.5 per cent offer, would have been covered by the extended scheme had it been in place. The RCN, which is not affiliated to the TUC, and has benefited from the fund in the past, would have been likely to claim back the cost, of about £30,000.

Unions which conduct a ballot—which must be a secret postal ballot—can claim back the money spent on it from the Certification Officer within a six-week period of the ballot being completed.

The TUC has rejected all truck with the ballot fund, and committed all unions not to use it as part of its campaign against Government employment legislation. This followed an attempt by the leadership of the Amalgamated Union of Engineering Workers to persuade its policy-making national conference to accept ballot funds for the union's frequent elections—an attempt which was overturned by the committee.

A further attempt by the executive of Equity, the actors' union, to apply for funds for ballots was also turned down by the membership, both at its annual conference and on a postal ballot.

The refusal of the unions to use the funds has prompted Mr Norman Tebbit, the Employment Secretary, to consider bringing forward a further Employment Bill which will enforce ballots, at least on union executives. A green paper on this future legislation is to be issued before the end of the year.

British Sugar takes calculated risk over postal ballot papers

BY DAVID GOODHART, LABOUR STAFF

THE BRITISH Sugar Corporation's first attempt to sidestep its unions in pay negotiations, by sending secret postal ballots to the homes of 2,500 process and clerical workers, is a calculated risk that could backfire on the company.

Yesterday was the last opportunity for the workers to return their ballot forms which ask simply: "Do you want to accept the final offer from British Sugar." The company estimates the offer as averaging 9.5 per cent to process workers, and from 6 to 9 per cent for clerical workers. The union says the offer is 8 per cent and 5 per cent.

The company's attempt to end the protracted pay negotiations, which started in March, is based on reports from supervisors at its 13 factories, which claim that shop stewards are misrepresenting shop floor feeling.

Officials of the Transport and General Workers Union, at national and local level, were shocked by the ballot, and even more shocked by the imputation that their methods were undemocratic.

The position of the two sides neatly highlights the two opposing definitions of democratic consultation in industry. The unions stress that after the final offer was made in April mass meetings in working hours were held in all plants where overwhelming majorities threw out the offer, on a simple show of hands. In York the voting was 130 to 3 in favour and at the biggest plant in Bury St Edmunds 180 to 7 in favour. The unions claim similar majorities at the Ipswich and Wissington plants.

Mr Arthur Mills, TGWU District Officer in East Anglia said: "The national delegates meeting we had after that vote in May simply reflected shop floor feeling. You can't get more democratic than that." He said the decision of the craft union officials to accept the offer, which has left the process and clerical workers out on a limb, was not passed on full consultation.

The company says the feeling on the shop floor has changed since May and even if workers are not satisfied with the offer they are fed up with waiting. Dr Jeremy Branch, works manager at Bury St Edmunds, says: "If the union is so certain of its position, why is it afraid of the ballot?" Dr Branch, who is on the national negotiating body, said about 70 per cent of the workers at Bury wanted to accept the offer. But he conceded the ballot could do lasting damage to BSC's normally healthy industrial relations.

"The union says this is a unique attempt to undermine them but it is equally unique for the union not to move further in negotiations," he said.

The union's original claim was for a 15 per cent rise.

At the York plant, another mass meeting was held last week, which threw out the offer by slightly reduced majorities. But union officials do not want their members to turn in a solid no vote—they see the company ballot as such a threatening development that they have called for abstention.

Another delegate meeting on September 3, originally expected to accept the deal, will now possibly call for an overtime ban to disrupt the vital sugar beet campaign which begins at the end of the month.

Mr Roley Ashford, shop steward at Bury, claimed that about two-thirds of the workers at his plant would not participate in the ballot. But officials privately concede that four or five might vote to accept. The company, which has paid £1,000 to the Electoral Reform Society to conduct a ballot, claims returns are likely to be well over 60 per cent.

Mr Ashford said the details of total pay levels had angered a number of married men who said their wives would now know how much they were paid.

Threat to 300 jobs at Belfast shipyard

By Our Labour Staff

CRUCIAL TALKS at the Belfast shipyard of Harland and Wolff ended yesterday with the disclosure that 300 workers were being put on protective notice.

Union national officials ended two days of talks with management over threatened redundancies. A special joint committee is to be set up for further discussions on plans to cut the shipyard's £40m a year overheads by £11m.

Dr Vivian Wadsworth, shipyard chairman, said most of those being put on notice were volunteers but he admitted there were bound to be more redundancies during the year.

Proposals from PA Management Consultants, which followed their in-depth examination of Harland and Wolff, would if fully implemented involve 1,280 redundancies.

But it is believed the company hope to keep this figure below 1,000. Dr Wadsworth said as far as future job losses were concerned a lot depended on how productive further talks would be with the unions.

Mr Jim Murray, chairman of the shipbuilding negotiating committee of the Confederation of Shipbuilding and Engineering Unions, who led the union delegation, said the first meeting of the joint committee will take place in Belfast on September 20.

Mr Murray described the meetings with management over the past two days as "friendly."

He said: "We have understood each other and hope that in making this declaration people will see we are doing everything possible to keep the yard going and to improve its efficiency. We hope customers will gain some confidence and place orders in Belfast."

The consultants have made 202 recommendations to save the £11m overheads and some proposals may take more than a year to complete. Both parties said they were totally committed to working with each other to ensure the future well-being of the company, to provide the maximum number of secure jobs, and to ensure that shipbuilding and marine engineering continued to play a major role in the Northern Ireland economy.

Beyond the TUC's political fringe

Part two of the report by John Lloyd, Labour Editor, on this year's Trades Union Congress and the message to Mr Tony Benn

THE TUC Congress next week will have no high-powered political fringe to divert the attention of delegates and press. Last year's much to the irritation of Mr Len Murray, the TUC general secretary, the war for the deputy leadership of the Labour Party chose the Blackpool conference for a major set piece battle between the three contestants—Mr Denis Healey, Mr Tony Benn and Mr John Silkin.

This year, there is no contest: the trade unions have seen to that by making it clear, especially to Mr Benn, that the divisions attendant on it would damage the Labour movement too severely for a repeat performance to be borne.

There will not even be a speech from the Party leader, Mr Michael Foot. The TUC has reverted to its practice of inviting the Labour Party leader every two years, after a short period in which he appeared more often because he was about to fight an election or because he had just taken over the party. Mr Foot did not expect an invitation to Brighton this year—though he will to Blackpool next year.

But if the visible display of close interconnection between the movement's two wings is lacking, that link is still stronger than ever and will show through in the next week's debates. Over the past year, the TUC-Labour Party Liaison Committee has continued its grinding work, issuing a document—Economic Planning and Industrial Democracy—which represents the most advanced stage of Labour's thinking on how to manage the economy.

It is an ambitious plan—possibly over-ambitious for many of the unions who will gather at Brighton next week. It rests on the two legs of central and regional planning, and workers involvement at enterprise, regional and national level through their unions.

It proposes a new Department of Economic Planning and a National Planning Council to develop ad prosecute a national plan; and would confer new rights of information, consultation and representation to unions at plant level which would be triggered when they wish to exercise them—and accept the responsibility which they imply.

It is that huge increase in responsibility for production which would be the test if and when a Labour administration administrates once more—but it is the older issue of incomes policy which will be most in evidence at Congress.

The Liaison Committee's document, in a passage which has been subjected to much scrutiny, proposes a "national economic assessment"—a kind of yearly summit meeting on resources between state, labour and capital—which would, among other matters, discuss incomes. The left, wedded to the practice of free collective bargaining, regards this with the deepest suspicion: a motion from the construction section of the Amalgamated Union of Engineering Workers enjoins Congress to remember its unfettered bargaining is its policy, and prohibits wage talks with this or any future government.

The centre-right wants as it would say it, to keep its options open. The Iron and Steel Trades Confederation has tabled an amendment to the construction section's motions appealing for the unions to get behind the Liaison Committee's line on talks on wages. If, however, a straight vote is taken between these two, it is likely that free collective bargaining would win the day.

But there are many ways to skin a cat. The National Union of Public Employees and the General and Municipal Workers Union have tabled proposals for "eliminating" low pay—using the mechanism of a nationally negotiated minimum level agreed between Government and the TUC. To this end they urge the Liaison Committee to work out the details "prior to the election of the next Labour Government."

Talks on this matter would, of course, be wide-ranging and would need to cover high as well as low pay. In short, the Liaison Committee would have a specific mandate to discuss incomes for the unexceptionable purpose of raising them. Therein lies the best hope for a policy on incomes—though all involved stress that such a policy must be more flexible than anything so far seen. Mr David Basnett, general secretary of the GMWU and the general council member closest to the Labour Party, has floated some ideas on this in a recent Fabian pamphlet.

Thus Congress could deliver to the Labour Party—which badly wants it—a continuing forum for working out a new sort of social contract. There will be strains and stresses in such an exercise, and the left, led by Mr Ken Gill, general secretary of the white collar engineering union AUEW-Tass, will keep a baleful eye on the proceedings. But in the end, the needs of both parties for the other will remain strong enough, this side of an election, to prevent a major split.

Strikers picket London Brick

STRIKERS began picketing yards owned by the London Brick Company in Cambridgeshire yesterday in an attempt to halt deliveries of bricks for building work throughout Britain.

The industrial action involves 64 key workers at the King's Dyke yard, near Whittlesey, where production has been halted because of a pay dispute, although the company is still managing to supply customers from stock.

Pickets are turning away company lorries calling to pick up supplies and production has also been halted at the nearby Saxon yard, where workers refused to cross picket lines.

The strikers walked out a week ago, after refusing to operate new working practices until they get more money, but the company says the changes are minor and do not warrant additional wages.

Government urged to increase financial aid to regions

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

A BIG increase in the regional financial assistance given by the Government and a switch from automatic grants attached to capital spending to a completely selective form of assistance is urged today by the TUC in a new look at regional policy.

At the same time it believes regional development planning authorities should be set up for the English regions and both Welsh and Scottish development agencies strengthened.

These proposals, contained in Regional Development and Planning, a statement on regional industrial policy, have to be seen against the background of the TUC's previously published call for the setting up of a new Department of Economic and Industrial Planning with substantial planning functions.

Mr Len Murray, TUC general secretary, says in a foreword that the report "shows it is quite wrong to despair of regional industrial policy on the grounds that the whole economy is unemployed. Our alternative strategy requires a strong regional dimension."

The last published figures for regional aid show that just over £400m a year is disbursed by the Government, of which about 95 per cent goes in the form of regional development grants based on new capital spending on plant, buildings and machinery. All this is confined to the special development areas and the development areas.

The remainder is selective assistance, largely geared to employment creation, and eligible for companies anywhere in Britain.

The TUC believes reliance on capital subsidies will not relieve unemployment and is, anyway, an expensive way of creating jobs. It urges that all assistance should become selective.

If, at the same time, the amount of regional aid were immediately boosted to £650m a year at 1980 prices a further 140,000 to 180,000 jobs could be created, it claims. By concentrating assistance on capital subsidies an outlay of this order would produce just 13,000 jobs.

In addition, all those parts of the country whose unemployment problems could not be solved by renewed national economic growth alone should become eligible for regional assistance. This would involve its extension to cover Scotland, Wales, the North, North West, Yorkshire and Humberside, the West Midlands and the South West. Northern Ireland would be covered by a development authority.

In addition to general areas, specific black spots such as Chatham or Great Yarmouth, which might otherwise fall through the net, could become assisted areas.

The TUC is not wedded to eternal blanket coverage, suggesting that as unemployment fell the areas eligible for assistance could be progressively reduced.

Scottish and Welsh development agencies would be strengthened, expanded and encouraged to take a longer view on investment policy. Local enterprise boards would be encouraged and in England the National Enterprise Board would concentrate on areas without local enterprise boards.

The TUC is to hold a series of conferences over the next 12 months to discuss the report.

Regional Development and Planning. TUC Publications Dept, Congress House, Gt Russell Street, WC1. £1.

Seamen's unions oppose Falklands pay formula

BY IVO DAWNAY, LABOUR STAFF

TALKS AIMED at ending the row over special payments for merchant seamen serving in the Falkland Islands were adjourned yesterday with the main officers' union flatly opposing an employers' compromise formula.

Teh General Council of British Shipping is proposing a £4-a-day bonus for seamen who have served for more than 11 days in the vicinity of the islands, rising to £6 after 30 days.

However, it has also laid down strict criteria as to which ships would be eligible for payments, proposing a total of seven vessels, against the 31 sought by the unions.

Mr Eric Nevin, the Merchant Navy, and Airline Officers' Association general secretary, warned that his union would demand separate negotiations with the shipowners if the package was not revised.

Officials of the National Union of Seamen are also believed to be dissatisfied with the offer, though a flat-rate payment would be acceptable.

The main area of contention centres on the employers' requirement that payments would only be made to those ships operating continuously in the immediate vicinity of the islands.

Talks are to resume on Friday.

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TELEVISION

Chris Dunkley: Tonight's Choice

The sooner the autumn schedules and Channel 4 come along, the better it will be for the reputation of ITV. At present they are offering an appalling ragbag of uninteresting repeats and cheaply imported American trash. After Coronation Street at 7.30 (almost certainly the highest quality entertainment on ITV tonight) and A Tribute to Ingrid Bergman, there is two hours and 20 minutes of visual popcorn from America, half an hour of news and a repeat of a school's programme. If that is how the IBA interprets its duty to "ensure that programmes . . . maintain a high general standard in all respects . . . in particular their content and quality, and a proper balance and wide range in their subject matter" they need a quick refresher course in the English language.

The BBC is hardly at the top of its form but there is something for almost everyone willing to hunt around. In Proms 82 on Radio 3 at 7.30 John Lill plays Beethoven's first piano concerto. Quite different musical tastes are served in Good Time George on BBC-2 though I like to watch Melly for his sheer chutzpah. Those who enjoy spotting Richard Attenborough as a boyish extra in wartime crowd scenes will presumably enjoy BBC-2's Film Buff Of The Year.

BBC 1

7.05-7.55 am Open University (Ultra High Frequency only). 9.20 Scooby and Scrappy Doo. 9.40 Jackanory. 9.55 The Wombles. 10.00 Take Hart. 10.20-10.30 Play Chess. †12.55 pm Angel Fish (an "Interlude" Film). 1.00 News After Noon. 1.30 King Rollo. 1.35-1.45 Bric-a-Brac. †4.10 The Kitten (An "Interlude" film). 4.15 Regional News for England (except London). 4.20 Play School. 4.45 We Are The Champions. 5.10 John Craven's Newsround. 5.15 The Monkees.

5.40 News.

6.00 Regional News Magazines.

6.20 The Wednesday Film: "Carry On Cruising," starring Sidney James, Kenneth Williams.

7.50 To The Manor Born.

8.15 Tomorrow's World At Large: "The Last Scene of All . . ." Judith Hann finds out more about old age.

9.00 News.

9.25 Chicago Story.

10.35 P. G. Wodehouse's "The World Of Wooster," starring Ian Carmichael and Dennis Price.

11.05 News Headlines.

11.10 The 20th Century Remembered: The Rt Hon Sir Harold Wilson talks about the last phase of his political career.

†11.50 Spinning Wheel

BBC 2

6.40-7.55 am Open University. 10.05 Gharbar. 10.30-10.55 Play School. 12.30-1.20 pm Open University.

5.10 Rhoonda.

†5.40 "Rock, Rock, Rock!" starring Tuesday Weld.

7.05 Junior Pot Black.

7.55 News Summary.

8.00 Arthur Negus enjoys Temple Newsam, near Leeds.

8.30 The Doors.

9.00 Film Buff of the Year.

9.30 Top Crown.

10.15 Good Time George.

10.50-11.55 Newsnight.

BBC 2 Northern Ireland only, as above except 9.30-10.15 pm Jack High from Belmont Bowling Club.

LONDON

9.30 am World Famous Fairy Tales. 9.45 The Masterbuilders. 10.15 The Greatest Thinkers (Marx). 10.40 Struggle Beneath the Sea. 11.05 Primitives of South America. 12.00 We'll tell you a story. 12.10 pm Rainbow. 12.30 The Electric Theatre Show. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Women of Today. 2.00 After Noon Plus. 2.25 Racing from York, covering the 2.30, 3.00 and 3.30 races. 3.45 Play it Again. 4.15 Pepe le Pew. 4.20 Storybook International. 4.45 Into the Labyrinth. 5.15 The Brady Bunch.

5.45 News.

6.00 Thames News with Rita Carter and Colin Baker.

6.25 Help! with Viv Taylor Gee.

6.35 Crossroads.

7.00 Where there's Life . . .

7.30 Coronation Street.

8.00 Ingrid Bergman — A Tribute.

9.00 Best Sellers: Lloyd Bridges, Buddy Ebsen, Robert Wagner in "The Critical List" (continued).

10.00 News.

10.30 Best Sellers (continued).

11.20 Doctor Sweet Tooth.

11.50 Barney Miller.

12.20 am Close: "Sit up and Listen" with the Reverend Peter Lewis.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

9.35 am Cartoon Time. 9.45 International Bowls. 10.10 "Tarzan and the Great River," starring Mike Henry. 1.20 pm Anglia News. 5.15 Private Benjamin. 6.00 About Anglia. 11.20 Nero Wolfe. 12.20 am Forty Years On.

BORDER

9.30 am Line to Skye. 9.45 Film: "Orders Are Orders." 11.00 Sesame Street. 1.20 pm Border News. 5.15 Survival. 6.00 Anniversary Week: Lookaround Wednesday. 11.45 Border News Summary.

CENTRAL

9.45 am Challenge. 10.40 Feature Film "John and Julie." 1.20 pm Central News. 5.15 Diff'rent Strokes. 6.00 Crossroads. 6.25 Central News. 11.20 Journey to the Unknown.

CHANNEL

1.20 pm Channel Lunchtime News, What's on Where and Weather. 5.20 Crossroads. 6.00 Channel Report. 6.10 Freetime. 6.35 The Time Capsule. 10.28 Channel Late News. 11.20 Journey to the Unknown. 12.15 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.40 am First Thing. 9.45 Sesame Street. 10.40 The Crazy World of Sport. 11.05 It's a Musical World. 11.55 The Adventures of Parsley. 12.30 pm Portrait of a Village. 1.20 North News. 5.15 Mr Merlin. 6.00 Summer at Six. 11.50 Presenting Billie Jo Spears. 12.20 am North Headlines.

GRANADA

9.30 am The Line to Skye. 9.45 Wednesday Matinee: "Orders are Orders," starring Sidney James. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 Wild, Wild World of Animals. 5.15 Welcome Back Kotter. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports News. 6.35 Sideroads. 11.50 The Living Legends of Jazz: James Cotton Band from the Montreal Jazz Festival.

HTV

9.50 am Nature of Things. 10.45 Sport Billy. 11.10 The World We Live In. 11.35 Angling Today. 1.20 HTV News. 4.15 Ask Oscar! 4.45 The Adventures of Niko. 5.15 Stingray. 6.00 HTV News. 10.28 HTV News. 11.20 Journey to the Unknown.

HTV Cymru/Wales—As HTV West except: 11.10-11.35 pm Vicky the Viking. 12.00-12.10 Flalobalam. 4.15 Cartoon. 4.20 Here's Boomer. 4.45-5.15 Sion Bli. 6.00 Y Dydd. 6.15-6.35 Report Wales.

SCOTTISH

10.00 am Wild, Wild World of Animals. †10.25 Summer Matinee: "Sea Fury." 1.20 pm Scottish News. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Weir's Way. 11.20 Late Call. 11.25 Vegas.

TSW

9.35 am Sesame Street. 10.35 Project UFO. 11.25 Rocket Robin Hood. 11.50 Larry the Lamb in Toytown. 1.20 pm TSW News Headlines. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Televiews. 6.40 Sportsweek. 10.32 TSW Late News. 11.20 Journey to the Unknown. 12.15 am Postscript. 12.20 South West Weather.

TVS

9.35 am Paint Along with Nancy. 10.00 Survival. 10.25 Animated Classics. 11.15 European Folk Tales. 11.30 Falcon Island. 1.20 pm TVS News. 5.15 Happy Days. 6.00 Coast to Coast. 11.50 Barney Miller. 12.20 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 The History Makers. 9.55 European Folk Tales. 10.10 Cities. 11.00 Survival. 11.25 Stingray. 11.50 Mumbly. 1.20 North East News. 1.25 Where The Jobs Are. 5.15 Welcome Back Kotter. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 11.20 Facing Death. 11.50 Four Attitudes to Life.

ULSTER

10.10 am Sesame Street. 11.10 Tarzan. 1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Happy Days. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.48 News at Bedtime.

YORKSHIRE

9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 Paint Along With Nancy. 11.20 Rocket Robin Hood. 11.40 Metal Workers. 11.55 The Bubbles. 1.20 pm Calendar News. 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions). 11.15 The Nature of Things.

RADIO

(S) Stereo when broadcast on VHF

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Paul Burnett with Radio 1 Roadshow from St Austell. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Steve Wright. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Mark Ellen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Diana Dors (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 Jan Leeming (S). 8.00 Alan Dell with Dance Band Days. 8.30 Among Your Souvenirs (S). 9.15 Ronnie Aldrich with his piano and orchestra (S). 9.55 Sports Desk. 10.00 Wit's End. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew presents Round Midnight from the Edinburgh Festival (Stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composers (S). 10.00 The Composer Conducts (S). 11.00 Edinburgh Festival recital, part 1 (S). 11.50 The Black Monk by Chekov. 12.05 pm Edinburgh Festival, part 2 (S). 1.00 News. 1.05 BBC Scottish Symphony Orchestra (S). 2.15 BBC Northern Singers (S). 2.40 Percy Aldridge Grainger (S). 3.10 Dvorak (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Two Clarinets (S). 7.00 Let the Peoples Sing (S). 7.30 Proms from the Royal Albert Hall, part 1: Nielsen, Beethoven (S). 8.25 Six Continents. 8.45 Proms, part 2: Alexander Goehr, Tchaikovsky (S). 9.45 A Century of Poetry. 10.10 Hindemith piano recital (S). 11.05 Dennis Brain plays Schumann. 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 Stanley Sherwood or "The Fireman's Revenge" by Sylvia Townsend Warner. 8.57 Weather, travel. 9.00 News. 9.05 Midweek: Libby Purves (S). 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Baker's Dozen (S). 12.00 News. 12.02 pm You And Yours investigates the advice agencies. 12.27 Outbreak Of Fear by R. D. Wingfield (S). 12.55 Weather, travel, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.47 Time For Verse. 4.00 News. 4.02 Russian Roulette with Allan Schiller, pianist (S). 4.10 Poor Britain: Life on and below the breadline. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News; Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Animal Language (S). 8.15 A Musical Evening with Benjamin Luxon (S). 9.15 Crowdie and Cream. 9.30 Kaleidoscope: review of the second week of the Edinburgh Festival. 9.59 Weather. 10.00 The World Tonight. 10.30 Radio Active (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News.

GARDENS TODAY

Plants proven by the winter

BY ROBIN LANE FOX

SEPTEMBER IS upon us, and gardening comes back to life. There is a serenity in a clear September day which sets off a good group of plants, a coolness to the evenings which allows us to move plants around, sow a few surprises and take more cuttings without adding to the business of watering. August's strong yellows are fading and it becomes easier to plant romantically. I like autumn blues and shocking pinks, clear yellows with scarlet and anything which still has tidy silver leaves.

Travelling round my holiday circuit, I have picked up new ideas, revived some old favourites and learned rather more about plants' hardiness and the effects of winter. Not all of it is gloomy.

Why is that electric blue salvia called Patens still so seldom grown? I have written about it here but only this year do I see its true capacity. Between some bushes of scarlet roses in Oxford which were eligible for early retirement, we sowed it as a plant for an autumn contrast in 1981. The seed is cheap and comes up easily if you start it in February in quite a strong heat. This Patens variety is a perennial which will persist from one year to the next, so it has to make solid progress before you bed it out. We found it best to prick seedlings out into separate pots and grow them on directly in a greenhouse until June. Then they were moved outdoors with enough of a root to support their flowers in the first season.

Twenty plants go a long way, and by early August they were magnificent. Their stems are a foot and a half tall and square-sided, like most salvias if you finger them. The flowers open in twos or threes up the length of the stem, a habit which always extends a plant's season for several months. They are shaped with a hooked lip at their far end, and although the spikes are never a mass of flower, such is the strength of their deep blue that they make as much of an impact as any of those harsh scarlet forms which are so popular in front gardens.

Among blues, the colour has no equal, as intense as the flush of a kingfisher and as deep as a spring gentian.

Few of you bother with this plant, perhaps because it sounds odd. Catalogues say that it dies down to a mat of roots which will last for a second year only *if they are lifted* and stored like a dahlia's. It is classed as a half-hardy perennial, according to the experts, and it is usually followed by the grudging comment that it will, nonetheless, show flowers in its first year and persist, if well stored, for a second. All these remarks, I now learn, are wrong.

Sown early, our Patens were good enough for anyone in late 1981. In the late autumn rush, the roots were left in the ground and those fearful frosts then froze them solid. I did not expect to see them again, but already by late April new seedlings had sprung up in the salvia's bed, *undamaged* by the hard winter. That was good news, but better followed when the old roots themselves all sprouted in May, and sent up a thicker forest of stems than before. Since late July, each two-year-old Patens has bushed out to a width of a foot and a half, filling the gaps between the roses with a billowing wave of blue flowers.

From their second year onwards, the plants are said to deteriorate. We will see if that, too, is incorrect. Meanwhile the stems are already carrying their own ripe seed from the lowest flowers on their lengths. Whatever happens, we have a free supply of this wonderful plant, perpetuated at no cost.

In two large National Trust gardens, Hidcote Manor and Powis Castle, I have seen long borders of this brilliant salvia. Otherwise, it turns up only in one's or two's, although every big seedsman still lists it. Next year I plan to use it with the felted grey leaves of the spreading helichrysum called Petiolatum and the open white daisies of a South African annual called Dimorphotheca Glistening White.

Electric-blue salvia was an Edwardian favourite, and we have wrongly forgotten it, believing it to be tender. After last winter, I cannot believe that it is, so long as it has a light soil and a sunny place.

Hardiness, too, was always questioned in my second autumn favourite, a scarlet-orange flower called the Cape figwort. In Latin, it sells as Phygelius, usually a form called Capensis, although the taller one called Aequalis is rarer and more handsome. I had always been wary of this exotic plant, but last winter proved its toughness. It had seeded all down a neighbour's front stone wall where its tall stems of tubular orange-red flowers hung prettily forwards in early September. After the cold weather, it has never been better, quite undamaged wherever it has the slight shelter of some sunny stonework. If you do not know it, the flowers resemble a wild long-flowered fuchsia, but it bears them on a long stem, well set with hanging buds down its many side-shoots. It is a refined and strongly-coloured plant, a lovely match for autumn blues, silver leaves and pink penstemons. It increases very easily from cuttings or rooted side-shoots off the main plant, seeding itself into stone cracks wherever it can.

One plant soon becomes 50. I saw it last week beneath a large plant of the yellow-flowered clematis which is most worth growing, the one sold as Orientalis, Ludlow and Sheriff form, when stocked by a decent nurseryman. As a pair, they were heavenly, the acid lemon-yellow clematis with its four thick petals behind the tall spires of scarlet figwort. Anyone can grow this simple clematis up a west or east wall, shed or tree stump. Its silky seed heads would be worth the space even without the brilliant flowers. Accept no substitutes because other yellow clematis are variable and often poor. This one's hardiness has been questioned, but I cannot believe this now that I have seen such fine plants facing east, unscathed after last winter.

These are lovely choices for September and the winter has done their reputations no end of good. I look on them with a new confidence among several fuchsias which have also proved their strength, the white and mauve flowers of Lena and the ash grey leaves of the lovely Versicolor. The salvia sprouts like cress from its seeds while figworts and fuchsias will root from anybody's cuttings. Proven by the winter, these are plants which are cheap and abundant, worth anyone's time for their pure colour.

RACING

BY DOMINIC WIGAN

LAST YEAR'S Gilbey Championship Racehorse Futurity was hardly a vintage affair, with the moderate Marquessa D'Howfen getting the better of Realms Reason; and it cannot be said that this year's race has attracted a field worthy of the £10,000 added prize money.

The once-raced Nottingham winner Now And Again will be trying to account for Special Leave, Goodbye Shelley, Bal-A-Versailles and Joy Hour.

On the face of things, Now And Again should be capable of following up his Maiden Stakes success. Looking predictably straight in condition at Nottingham for a newcomer being sent off at 13-8 on, he romped home from Zaheendar, in spite of losing ground inside the distance through veering off a true line.

Now And Again—a bay Ack Ack colt from the Warfare mare My Violet—will look cheaply bought as a $109,000 yearling if, as I anticipate, he lands today's Gilbey race on the way to making his mark in group company. He seems likely to be given most to do by the Queen's Special Leave.

A bay, Mill Reef colt out of Highclere's full sister Night Duty, Special Leave was seen keeping on better than most in Newbury's 21-runner Yattendon Maiden Stakes, when he was an admittedly well-beaten third behind Zoffany and Tecorno.

There are few more improved juveniles at Newmarket than Moment In Time, and plenty of racegoers who saw this Without Fear filly supplement a Sandown success with a Redcar victory over Carneades will be prepared to back her for the hat trick in the U.K.O. Spectacular Nursery at York today. Stoute's filly may well prevail, but one I would rather be on is Dancing Meg. It is likely to transpire that this filly was attempting a formidable assignment when asked to cope with Sailors Dance on level terms at Salisbury three weeks ago.

Sharpo will, against all expectations, take his chance in Saturday's Vernons Sprint at Haydock before going to France. Glancing, not seen out since the 1,000 Guineas, will also be in the line-up on Saturday.

YORK

2.00—Jondale*
3.30—Dancing Meg***
3.50—Now And Again**

APPOINTMENTS

Regional director at Lloyds Bank

Mr Israel Arnold Ziff has been appointed a regional director of the Yorkshire and Humberside regional board of LLOYDS BANK. Mr Ziff is chairman of Stylo and Town Centre Securities.

★

The NATIONAL ECONOMIC DEVELOPMENT COUNCIL has appointed Mr Campbell Christie as chairman of the Office Equipment Sector Working Party.

★

MOFFAT ROSE has appointed Mr John Collaro as head of the Compass Rose marketing division, responsible for the direction and development of sales and marketing activities of this division which specialises in small computer systems. Before joining Moffat Rose he was marketing director of Leasco Corp, marketing director of EMI Electronics and Industrial Operations and director of Magnavox Electronics.

★

Mr Colin Morris has joined the board of E. D. & F. MAN. Mr Morris is the managing director of Holco Trading Company, a recently acquired subsidiary of the Man Group.

★

WESTERN SCIENTIFIC INSTRUMENTS has made the following changes: Mr John E. Grandidge continues as deputy chairman, but also becomes chief executive. Mr Terence J. Adams is appointed deputy chief executive. Mr Dennis P. Greengrass, Mr Michael J. Griffiths, Mr Norman S. Harrison and Mr Leonard A. Linden, all directors of Negretti & Zambra (Aviation), join the group board.

★

Dr Donald Bell, head of branch 2 of the Department of Industry's electronics applications division, has been appointed as the next director of the NATIONAL ENGINEERING LABORATORY, East Kilbride. He will succeed the present director, Dr Paul Freeman, at the beginning of next year.

★

Sir Anthony Page-Wood has been appointed a director of SOCIETE GENERALE STRAUSS TURNBULL, London. Sir Anthony has been with the company since it was jointly founded by Société Générale of Paris and Strauss Turnbull and Company of London.

★

Mr Raymond Sheldon has been appointed a director of JAMES H. DENNIS. He will assume full time executive responsibility as financial controller in October.

★

FOSTER WHEELER POWER PRODUCTS has appointed Mr J. T. Schroppe to its board as managing director and chief executive. As part of the Foster Wheeler international group, and in accordance with Foster Wheeler Corporate Worldwide Management Development, Mr Schroppe will be on a two year assignment from Foster Wheeler Boiler Corp, Livingston, U.S., where he is president and chief executive officer.

★

Mr Martin C. Lilley has been appointed a director of KENNEDY SMALE.

★

Mr James B. Walker has resigned as a director of SCOTTISH UNITED INVESTORS (MANAGEMENT). He remains a director of Scottish United Investors.

★

Mr Peter Shailer has been appointed director of administrative services at the INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS. He succeeds Mr Derek Clark, who leaves the Institute at the end of August.

★

Mr Michael Stordy has been appointed sales director of HADEN DRYSYS INTERNATIONAL, a new position based at its London headquarters.

★

Following the resignation of Mr Mark Steer, Mr Alan Ashforth has been appointed managing director of DIVERSEY. He was deputy managing director and general manager. Mr Eric Steele has rejoined Diversey as institutional group director. He was marketing director, institutional group, for Diversey *(Europe)*.

★

Mr Edward Du Cann has resigned as chairman and director of MORLAND SECURITIES. Lt Commander Godfrey de Lisle Bush, a non-executive director, has been elected chairman.

CONTRACTS

£20m zoo work for Intry

Building and civil engineering contractors, INTRY (a new joint company of W. S. Try (International) and Henry Boot Overseas BV), has been appointed by Saudi Industrial and Commercial Projects Company of Riyadh to work in co-operation with them and Safari Parks International in the design and construction of zoological gardens for the Municipality of Riyadh in Saudi Arabia. The project value is £20m and work starts on site in one month.

Safari Parks International are the consultants for the design and are providing the zoological expertise and will be responsible for the stocking and management on completion of construction.

The zoological gardens will extend over an area of 12 hectares (29.6 acres) and include 65 different buildings and enclosures with over 600 different species of animals, reptiles and birds. Each animal enclosure will include a night quarters building and an open living area which will be separated from the public viewing areas by wet or dry moats dependent on the species.

★

WIMPEY CONSTRUCTION UK has won a contract worth £449,000 from the City of Nottingham to undertake repairs and improvement *to 65 homes on the* Bestwood Park Estate, Nottingham.

★

WATNEYS (LONDON) are buying 103 Localiners from BOALLOY the Congleton body-builders in a £500,000 deal to renew their fleet distributing bottled and keg beer throughout the London area. The vehicles have a payload capacity of about 10 tons equivalent to about 1,650 gallons of beer. Special fittings include CO/2 gas cylinder racks, crate-skid for unloading into cellars and driver's wet-clothing locker.

★

Two contracts worth £1.6m for modernisation of houses have been placed with the Glasgow office of WIMPEY CONSTRUCTION UK by the Scottish Special Housing Association. A £295,000 order calls for modernisation of 32 houses in New Stevenston in eight two-storey blocks. These are steel clad buildings which will receive a rough cast finish as part of the modernisation plan. Work will run from the end of August to late January 1983. Under a second contract worth £1.33m, some 128 houses on Acredyke Road, Balornock, Glasgow, are to be modernised. Work starts at the end of August and will be completed in October 1983.

★

A contract worth £60,000 has been issued to SCICON by the Ministry of Defence to investigate various aspects of the deployment of ship-launched anti-ship missiles.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

A case of the biter bit down in Silicon Valley

U.S. electronics giants are increasingly suing spin-off companies. Louise Kehoe reports on one such fledgling that is fighting back.

DAVID and Goliath legal battles between major U.S. electronics corporations and tiny "spin off" companies formed by groups of ex-employees turned entrepreneur are fast becoming standard fare in California.

The latest such legal fight involves Burroughs, the mainframe computer manufacturer, and Ibis Systems, a Los Angeles based company founded in December 1980 that plans to manufacture data storage units for IBM-type computers. Burroughs has filed a $20m law suit against Ibis for alleged theft of trade secrets from Memorex, now a subsidiary of Burroughs, where several Ibis key executives, including the company's president, used to work.

Thus far, the case follows a pattern established by several other big name companies in the U.S. electronics industry. Intel and National Semiconductor, for example, have both sued former employees who set out to start up their own businesses.

Ironically, most of the now famed "Silicon Valley" electronics industry began with just the same amoeba-like splits that the now established companies are discouraging with their law suits.

Damaging

Although the complaints commonly allege misuse of proprietary information owned by a former employer, the real issue is often "predatory hiring." In an industry that suffers from a critical shortage of experienced, well-qualified personnel, the loss of people can be more damaging than the loss of technical information.

(Some U.S. high technology companies, notably Inmos, have attempted to tie up their expert employees with contracts that prevent them from competing with their employer for several years after they leave. But such contracts are not legal in California—one of the many reasons why the state is attractive to technology specialists.)

In a typical start-up scenario, a couple of people at "company big" get together and decide to start "company small." Having put together the bare bones of a business plan they talk to some of their colleagues who may also decide to join the new venture. When the start-up group realises that it needs a marketing manager, who better than the guy in the next office?

It is particularly galling for "company big" if a group of individuals responsible for a product line leave en masse. Inevitably they will take a significant amount of business with them. Worse still is the problem of rebuilding from scratch the team of engineers, marketing executives and planners needed to support a manufacturing activity.

U.S. semiconductor and electronics equipment companies are particularly prone to the phenomenon of breakaway groups. The management structure of these companies is generally based upon a collection of small, almost autonomous groups who run as individual profit centres, sometimes even competing with each other. "We do a great job of training company presidents," comments the chief executive of a major semiconductor company ruefully.

To date, all of the "spin-off" law suits filed by established companies have been settled out of court.

"Company small" agrees not to hire any more people from "company big" for a period of years and makes a small cash payment to settle "damages." Both parties agree not to disclose the amount of the cash payment, and "company big" makes loud claims of victory.

There are, however, no real winners in such cases (except perhaps the lawyers, who are enjoying a boom). "Company small" is in danger of losing the momentum of its business plan and may face questions from worried investors. "Company big" claims that it has made its point, but ends up without reward except a share of its legal costs.

Behind the scenes, the venture capitalist financiers of the start-ups argue that suits brought against their fledgling ventures are really aimed at tying up the manpower and limited cash of the new company. They also regard the suits as an effort to dissuade other employees from making the break.

Dealing with the potential legal problems of spinning off from a former employer has become a major concern for would-be entrepreneurs.

Venture capitalists and people in the industry alike follow the progress of spin-off suits with great interest.

"I had calls from several people—some I did not even know—asking me how we managed to start up without getting sued," recalls the president of one of Silicon Valley's newest ventures into the chip business. A week later his company was sued by National Semiconductor.

Taking heed of the problems faced by start-ups over the past year, venture capitalists commonly advise their clients to leave without taking even the pencils off their desks. "We tell them to leave as early in the planning stages as possible," explains a partner from one of San Francisco's largest venture capital groups.

High stakes

Leaving the womb of "company big" before the rudiments of a new business have been put together—sometimes before financial backing is guaranteed—of course increases the personal risks and financial strains upon individuals involved, but it has now become accepted as a part of the high stakes game of forming a new company.

Privately, the venture capitalists allege that the established corporations want to slow down the product development plans of individual start-ups by draining their resources. They see the suits as harrassment—an effort to fight off potential competitors.

Ibis has now become the first start-up company to have taken such charges to law. It has just filed a countersuit against Burroughs and its Memorex subsidiary accusing Burroughs of conspiring to cripple Ibis product development, marketing and financing plans.

Ibis says that Burroughs has brought charges against it without first investigating the "secrets" allegedly stolen and knowing that the data storage equipment which Ibis plans to make can be designed without use of any Burroughs proprietary information.

Ibis also claims that Burroughs intended to discourage potential investors in Ibis and wanted to force Ibis to expend "limited financial and manpower resources" responding to the suit by Burroughs.

The countersuit claims that Burroughs and Memorex conspired to destroy Ibis in an attempt to maintain Memorex's position in the market for IBM plug-compatible data storage market, and that Burroughs has attempted by illicit means to obtain information about Ibis's technology. These "predatory and unfair" acts could violate U.S. anti-trust laws, says Ibis.

Ibis's gutsy response to the Burroughs suit will be watched by many other would-be entrepreneurs who have been turned off by the prospect of expensive and lengthy legal battles. Ibis's counterclaim asks for $25m in compensatory damages and an additional $10m in exemplary damages.

Under U.S. antitrust law, if a court or jury awards compensatory damages the original requested amount can be tripled. That may make other established companies pause before firing off the now routine suit against ex-employees turned entrepreneurs.

Ibis has more reason than most start-ups to fight back. Just a month ago, the company settled another trade secrets suit with Storage Technology Inc; thirteen individuals working for Ibis are former Storage Technology employees, and Storage Technology alleged that they had misappropriated trade secrets. In an out of court settlement which fits the emerging pattern for such cases, Ibis agreed not to hire any more Storage Technology people and paid an undisclosed cash amount. The fledgling memory maker is in no mood to replay the episode with Burroughs.

Business courses

Young Executive Programme, Bradford. September 12-24. Fee: £850. Details from The University of Bradford, Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU. Tel: 0274 42299.

Quality Control — a briefing for directors, London. September 16. Fee: £95 (plus VAT) members, £125 (plus VAT) non-members of the Institute of Directors. Details from Education Director, Institute of Directors, 116 Pall Mall, London SW1Y 5ED. Tel: 01-839 1233.

Introduction to Marketing, London. September 13-15. Fee: £285. Details from Tack International, Tack House, Longmoore Street, London SW1V 1JJ. Tel: 01-834 5001.

Technology Licensing in the Small Company, Bath. September 16-17. Fee: £110 (including accommodation). Details from School of Management, Bath University, Bath BA2 7AY. Tel: 0225 61244.

A decade of business prospecting in Pilkington, London. September 24. Fee: £20. Details from Administrator, Futures Network, 12 Wentworth Court, Rastrick, Brighouse, West Yorkshire HD6 3XD. Tel: 0484 713441.

BOARDROOM BALLADS

"I AIN'T GONNA GRIEVE . . ."

There are three things
That executives do,
Which the boss tells me
I must now eschew;
I must not speak before I'm told
Or interrupt, or be too bold,
If I ain't gonna grieve
My boss no more!

★

So I went on a course,
"Interpersonal skills,"
For executives who
Have obtrusive wills;
I learned how never to aver
And how politely to demur,
So I ain't gonna grieve
My boss no more!

★

There's another thing,
That I should not say;
I should not presume,
To a rise in pay!
For if I raise too much commotion
I may jeopardise promotion,
And I will grieve
My boss some more!

★

There's a special thing
That I must beware;
I must never ask
How the board got there!
I must not draw the wrong conclusions,
Make pejorative allusions,
Or I will grieve
My boss some more!

★

The important thing,
In the corporate race;
Not to self-destruct
But to self-efface.
And he who does not get frustrated
Will be highly compensated,
And he'll grieve
His boss no more!

★

There's a final thing,
In this crazy song,
I must not suggest
That the boss is wrong!
For when my boss is underground
I'll be the only boss around,
And you ain't gonna grieve
This boss no more!

Bertie Ramsbottom

Next week: Crisis of conference

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

CGT exemption

My wife and I have been in continuous business partnership since 1962. The title deeds to the business property are registered in my name only. My wife is now 60½ years of age, and I am 63. We intend to sell our busines at the earliest opportunity. I would be most grateful to know whether or not my wife and I can each claim the CGT relief of £10,000 per annum or would the registration of the deeds in my name only have any bearing on the tax relief?

If you have both been fully engaged in the business we think you can both claim the exemption. However, if you sell the business before your wife reaches 61, there seems to be no exemption available for her.

CGT and Krugerrands

When I sold an investment in copper wire in 1977 tax was assessed not as a capital gain, but under Case I of Schedule D as a profit arising from "an adventure in the nature of trade." In April 1980 I purchased some Krugerrands and sold them at a loss in April 1982 and claimed relief under Section 168 of the Income and Corporation Act 1970 for the loss to be offset against my pension. My inspector rejects this claim on the grounds that this was a capital transaction liable to capital gains tax, "currency other than sterling being a chargeable asset." It is true that I did record the purchase in my 1980/81 tax return as a chargeable asset acquired. Should I accept the inspector's ruling?

Having reported the krugerrands as within the scope of CGT when you acquired them, you would be hard put to it now to convince the appeal Commissioners that you actually acquired them as trading stock.

Stock relief

Ten years ago I started a ladies' shoe shop. My accountants made claims on the Revenue based on the increasing value of my stocks. Three and a half years ago I added a second shop some 30 miles from the first. Management, some staff and the stock were common in both. Two years ago, to concentrate effort on the more successful branch, the original one was closed. The Revenue is seeking to claw back the stock relief on the grounds (it seems) that the two shops were separate businesses, one of which has closed. To meet the claim it looks likely that the surviving branch would have to be disposed of. Should I contest the Revenue's claim?

Yes, a number of tax inspectors recently appear to have been overzealous in trying to reduce the cost of stock relief to the Exchequer. If your accountants need a second opinion on any point of the stock relief rules, it may be simplest if they write to us direct.

Further to our reply last week under "Governors and guarantors" it has been brought to our attention that it is possible to inspect company files on microfiche in London. The original files are kept in Cardiff.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

TECHNOLOGY

EDITED BY ALAN CANE

VIDEO AND FILM

Pubs, clubs, profit from low cost video projectors

BY JOHN CHITTOCK

BEER is now becoming an important ingredient in the video business, with possibly some 3,000-4,000 pubs in Britain now equipped with video projectors—and the same number again of clubs, especially the so-called "working men's" clubs.

The development of low-cost video projectors has been a primary cause of this phenomenon—simulated in recent times by the availability of a very wide range of popular programmes on videocassettes.

The growth of television as a group viewing medium has been, of course, generally impossible because of the small screen size. For special occasions, such as conferences and election rallies, large screen television projectors have been available—at a price—now currently anything from £750 per day upwards, or as much as £200,000 to buy.

But the arrival of small, inexpensive and relatively simple video projectors has started to uncover new uses for video, especially where an audience is already available.

Pubs in the UK were among the first to recognise the attractions of video projectors—especially when important sporting contests were being broadcast. Now, however, many of them are also screening movies,—in some cases illegally, because they have been rented from the local video shop and are not cleared for public exhibition.

Private enterprise has a way of coping with such problems, and one solution has come through the efforts of a new company called Video Synchrosy. A deal has just been struck with Lord Grade's old company, ITC, to provide 52 feature films which have been cleared for public exhibition — with, additionally, music clearance obtained by Video Synchrosy from the Mechanical Copyright Protection Society.

Thus a pub or club can hire movies from Video Synchrosy for an all-in charge of £12.50 per film for two days, knowing that all legal requirements have been met (except for the Performing Right licence, which any pub playing music should have already).

What cinema owners will think of this may not bear repetition in the bar of a working men's club. For the traditional 16 mm non-theatrical market (serving, for example, film societies) it makes a mockery of the £30-to-£50 hire charge for a 16 mm print and is surely the beginning of the end for this type of trade.

Meanwhile, another new UK company — SuperVision — is turning its sights on to the lucrative discotheque business by obtaining visual rights in a vast range of material which is ideally suited as "moving wallpaper" backgrounds on large video screens. No music is provided (overcoming a particularly complex legal problem where pop is concerned): the disc jockey makes his own choice of music in the usual way.

SuperVision is offering discotheques one 60-minute programme per month, containing approximately 20 clips of about three minutes each. The moving pictures range from straight pictorial sequences, such as sea shores and sunsets to the zaney and the psychedelic.

Supervision has not yet staged a formal launch of the company, but already it is signing up some of Britain's 3,000 discotheques and has concluded contracts in France, Finland and Egypt (the latter with Hilton Hotels).

Next step will be the introduction of subtle advertising in some of the disco film clips — specific to the mood, environment and the predominantly young audience. For example, motor-cycles — linked to a local promotion which can be staged in the foyer of the discotheque. The same idea, using large-screen video projectors, will be offered to department stores and even hairdressing salons.

In parallel with these developments, the market for video projectors is looking buoyant. At the low end (viz £2,000 to £5,000) a bewildering range is now available — such as from Grundig, Mitsubishi, Panasonic, ITT, NEC, IMI and Sony.

There are at least two British-made projectors in this praice range — the Magna-Vision and the Lumi-Screen. At the top end come the American GE and the Swiss Eidophor — the latter unchallengeable for quality, screen size, brightness, complexity and price.

The problem with the low cost video projectors is that they are capable of yielding the most appalling quality. At an exhibition held in London last week by a company specialising in this hardware—Tele-Jector—I witnessed both good and bad pictures, even from equipment of identical manufacture.

It is encouraging to report that another new, very small, British company — Morgan Laboratories—is turning its attention to this part of the problem.

Its founder, Richard Morgan, has an almost obsessional dedication to coaxing the best performance out of video projectors as part of the company's service in selling, renting and servicing low cost projectors.

Until last week, my own favourite for performance had been the Mitsubishi—and on exhibition stands all over the world among the worst I have seen has been the Sony.

But Morgan last week were setting up a Sony projector for a customer, yielding really superb pictures. Which proves, perhaps, that the technology is still in its infancy—substantially influenced by the operators. Morgan are now installing two very large screen projectors at a Scottish basketball/roller skating complex in Falkirk—where fans and skaters will be able to see themselves and the action on 14 ft wide screens.

It is estimated that there are about 50,000 venues in the UK where video projectors could be installed (pubs, clubs and "closed" locations). For the service side of the video business, and the suppliers of software, it is a new and fertile market—well clear of the cut-throat atmosphere now prevailing in High Street video.

More expensive installations may follow on prime outdoor sites, such as Mitsubishi's giant Diamond screen, developed for daylight use in sports stadia. This has been used in Britain on a number of special occasions, including the Royal Wedding and it is only a matter of time before permanent installations will provide electronic poster hoardings. By 1984, Orwell's prediction may be partly realised but big brother will be an entrepreneur not a politician.

Using a calculator to help in packaging

Dow's digital padding

BY MAX COMMANDER

ASSUMING you are a manufacturer of computers' computer software, scientific instruments, or for that matter anything delicate which might become damaged in transit then the packaging of your goods for air or sea freight should be very important to you.

But it's a grey area; who pays for all this expensive foam around the product. The company can go for the cheapest system and not worry if the crane driver in Lagos drops a carefully crated material on the quayside. Damage insurance should pay for that says someone in the organisation.

Then one runs into the problem of flying or shipping out parts to put it all right. Perhaps, it might have been better to get packaging right in the first place and so save the cost of those parts, and if the package is smaller save transport costs.

Next month, Dow Chemical, Europe, is to introduce a new system called Ethacalc.

Ethacalc is designed for use with Dow Ethafoam polyethylene foam cushion packaging material which is used widely in the transportation and storage of computers and other delicate equipment.

The Ethacalc system comprises a Hewlett Packard HP 41 CV calculator with magnetic card reader attachment, linked to a printer. Program software consists of magnetic cards which are read by the card reader. Separate data cards are used for different Ethafoam types and multiple or single drop performances.

The user merely enters the details of the object to be packaged, such as weight, fragility and expected drop height. The printer then produces all the required cushion pad design information to give optimum protection at minimum package volume.

With associated worksheets, the user can measure his current costs against an optimised Ethafoam design, taking into account transport costs as well.

"Cost-effective packaging means more than just finding the cheapest material which provides adequate cushion protection during transport and storage," says Dow engineer Roland Hausin.

"The choice of the packaging material has a dramatic effect on the final size of the total package—and therefore on the freight costs. Managers who examine every other aspect of their business for available cost reductions often overlook this one.

Some of the less expensive packaging materials, such as moulded EPS, offer good single-drop performance but are very bulky. Ethafoam, on the other hand, is a more expensive material but offers multiple-drop protection using a much smaller volume of foam. This allows a smaller overall package size, thus reducing freight costs.

"In many cases, the reduction in freight is significantly greater than the incremental cost of upgrading the package material to Ethafoam. The associated saving can be considerable.

"Until now, the sort of packaging analysis that cuts costs has taken hours of painstaking calculations. With this approach, it takes only minutes."

An overlay template is provided which renames the calculator keyboard to suit the Ethacalc program. Removing the template allows the HP 41 CV to be used as a normal programmable calculator.

Ethacalc will provide minimum values for package volume, foam volume, foam volume for a given thickness and for a given load-bearing area. The program can be applied to any Ethafoam packaging need.

Ethafoam is a low-density expanded polyethylene foam offering high energy absorption under impact, high chemical resistance, low water absorption and low water vapour transmission. It retains its resilience under repeated impact and is available in densities from 30-150 kg/m3.

The material comes in planks, sheets and rounds and can be cut, drilled, bonded or routed to suit a wide range of packaging applications.

Further information about Ethafoam and Ethacalc is available from Ian Davidson, Dow Chemical, Meadowbank, Bath Road, Hounslow TW5 9QY (01-759 2600).

Innovation in truck design

Spine delivers the goods

AN INNOVATIVE delivery truck, in which the traditional dual-rail ladder chassis is replaced by a single "spine," has been produced by trailer-makers Boalloy and York Truck Equipment of Corby for Coca-Cola Southern Bottlers.

The truck was commissioned by the drinks company, which distributes "Coke" throughout southern England, as a prototype but with a view to a further 20 being built.

If trials prove as successful as hoped, the company's delivery fleet of nearly 100 trucks is likely to be switched to the new model.

The design allows the payload container to be built around the spine; rather than resting on top of a conventional chassis. Thus the load-space floor is only 20 inches above ground height, less than half the conventional level.

The lower truck profile is claimed to give a 20 per cent increase in fuel economy, but the particular advantages in Southern Bottlers' eyes are that the quick and easy handling allows one-man delivery operations.

The design is also such as to enable a higher payload to be carried — in the case of the prototype, some 9.5 tons. The body is based on Boalloy's Localiner trailer, with curtain sides and opening rear doors.

The single spine concept is not entirely new — various other prototypes have been built in recent years — but so far as is known none has hitherto entered full commercial use.

The Coca-Cola truck was actually designed by a committee, consisting of Boalloy and York, plus shop stewards of the Transport and General Workers Union.

JOHN GRIFFITHS

Pipework

Valves now made from polyester

VALVES MADE from epoxy and polyester composite materials with mechanical strength equivalent to components fabricated in ferrous metals, non ferrous metals and stainless steel have been developed by Felton Fluid Handling.

According to Felton the valves are unaffected externally by severely corrosive environments and so do not require painting. They are corrosion and erosion resistant to a wide range of chemicals and chemical slurries so lining deterioration is eliminated.

Felton says the full range of quarter turn butterfly valves from two inches to 12 inches diameter is already in production and check and ball valves are currently being designed along the same lines.

The new valves are available from Brooks and Walker; Felton is on 0223 [illegible].

Draughting

Linking graphics workstations

An interface unit for use with Ultragraf design work stations is now available from Lundy-Farrington, Uxbridge.

The company claims that the new facility enables mini-computer users to have access to a very powerful intelligent graphics design system. More information is available on 0895 54622.

Measurement

Checking moisture on the move

The ability to measure the moisture content of items as they pass along a conveyor belt is possible with a system developed by Infrared Engineering, Maldon, Essex.

The company says that a typical application is in food manufacture or in industry to measure the moisture content of pressed products such as ceramics or the thickness of plastic components. More information on 0621 52244.

Instruments

Function generator from HP

WAVEFORMS of almost any shape and size of fundamental frequency between 0.001 Hz and 20 MHz can be produced by a new function generator from Hewlett Packard, the HP 3314A.

The company has deployed a pair of custom integrated circuits which, with microprocessor control and extensive firmware, results in a product that is fast, accurate and easy to use.

Apart from very accurate sine, square and triangular wave shapes, the instrument can produce ramps and pulses with variable symmetry and the signals can be continuous, gated or swept.

The HP 3314A is also programmable, so that any waveform that can be developed on the front panel can also be developed from the keyboard of a machine such as the company's 9826 desktop computer.

More details of the instrument, which costs £2,627, on 0734 784774.

Data processing

Independent maintenance for pos

DPCE (UK), an independent computer maintenance company, has decided to extend its coverage to IBM's point-of-sale terminals and data loggers.

The company says it will take responsibility for the preventive and remedial maintenance of IBM 3650 series point of sale terminals and IBM 7481 data logger recorders nationwide.

More from DPCE on 0724 790703.

THE ARTS

EDINBURGH FRINGE

Established professional companies use the Fringe as a tour date. Hull Truck, presenting a slightly different face under Pam Brighton from the less committed visage under Mike Bradwell, has Peter Sheridan's *Diary of a Hunger Strike* at the Assembly Rooms, a piece about the IRA men who would rather starve themselves to death than wear prison clothes. It is, though I doubt if its author means it to be, fairer than you would expect; the prisoners are, of course, heroes, but the only real nasty on the other side is a prison officer who get provocative under the strain of seeing his mates murdered. Ultimately there's even a touch of romantic melodrama, the central hunger-striker having a fiancée on hand. Excellently played by a mainly Northern Irish company.

The Cherubs are less well-established, but will doubtless become so. They are giving *Coming Ashore in Guadaloupe* in another part of the Assembly Rooms. John Spurling's fantasy in eight scenes recounts how the native peoples of Mexico and South America reacted to the arrival of the Spanish and the English. As a colleague remarked, it's another load of white guilt. The Spanish only wanted gold. The first British were content with turning the natives into colonial subjects, but the next lot, under Raleigh, were after gold like the others.

The play is frivolous in manner if not in thought, and not above borrowing ideas from *The Seagull*, *Henry V* and *Royal Hunt of the Sun*, with Moctezuma (Mary Keegan) doing Robert Stephens as Atahualpa. The Cherubs, directed by Andrew Visnevski, don't go in for naturalistic work; they play as if they were playing, and do it well. Anne Gruenberg and Vincent Green (an exciting draughtsman) help make this a visual delight.

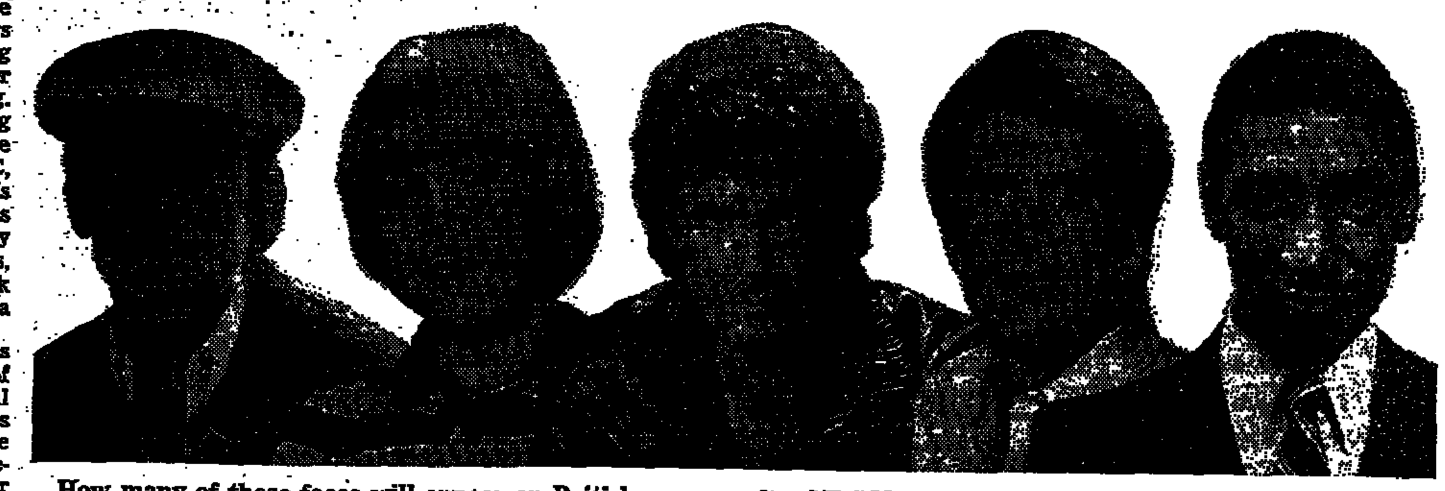
Elsewhere in the Assembly Rooms is a fine one-man performance by Paul Alexander as Beau Brummell, directed by Patience Collier. Brummell is of no historic interest, though he taught George IV how to dress, but he is an ideal subject for this kind of study. First, in the dandy years, we see him dressing, from drawers to tail-coat (I was disappointed not to see his immaculate boots, but a dandy could hardly put these on in a one-man show). Then he is HM Consul at Caen, still debt-harassed, consoled by his "youthful" wig. In the end, still at Caen, he is old, cold and ragged, surviving on the bounty of his former friends. Peter Rice is the designer.

I was interested in a little piece called *Occam's Razor*, by Stephen Chambers, played by the Z Theatre Company at the Walpole Hall in Chester Street, in the most delightful part of the city. It's a variation on *Waiting for Godot* (two homeless men waiting for some vague person under a tree). They are joined by two feminist girls who believe that if you live long enough you change sex. The two men are not given a chance to live that long. The director is Nigel Hollidge.

B. A. YOUNG

Television/Frank Lipsius

New soap for American autumn



How many of these faces will appear on British screens after NBC Network's imminent presentation? Stephanie Zimbalist is in Remington Steele, Ricky Schroder in Silver Spoons, David Masselhoff in Knight Rider, Ted Danson in Cheers, and Leonard Lightfoot in Silver Spoons

For American television networks, NBC, being third in a field of three has become a chronic misfortune with little to recommend it but the insulation the position provides from predators outside the networks among cable, video game and other sorts of television programming. While the other two leading networks, CBS and ABC, have lost viewers along with NBC, an improvement in NBC's ratings this autumn, which is predicted by advertising agency analysts and media journals, will buck the trend of network television's average loss of a million households a season.

NBC attracted attention this summer with its lineup of autumn shows during a ritual unveiling to network affiliates and the media that rivals the autumn automobile announcements of another era. Under Grant Tinker, who replaced the more flamboyant, extravagant and immodest Fred Silverman as head of NBC, the network had a lot of inventory to "chomp its way through" (which) we have swallowed with considerable indigestion.

As the first of his own seasons, Tinker's autumn will have heavy doses of sitcoms and detective-adventures which are less notable for their inventiveness than their sheer bulk—11 new series, including four sitcoms amounting to nine hours of new shows compared to seven new series at CBS and ABC. In spite of Fred Silverman's reputation for successfully plumbing the lowest common denominator, NBC's prime-time schedule will have a total of eight sitcoms, the most it has had in 17 years.

NBC has also picked up the rights to *Taxi* for a reported $9m. It beat the first direct challenge to the networks from a cable producer, when Home Box Office, owned by Time Inc, made a bid to take over the series that ABC was dropping. The battle of the airways was supposed to shape up as the networks' confining their entertainment to half-hour sitcoms while the cable operators got the feature-length films, which they can show without commercial interruption and usually before the networks would anyway. Now, Home Box Office's challenge for *Taxi* portends competition even for the series, a prospect that will only increase as more households sign on for the cable service.

Grant Tinker's presence as chairman and chief executive officer of NBC is itself a sign of the way the networks intend to protect their series against cable. Just as the Hollywood film studio moguls were eventually succeeded by former talent agents able to deal with the independent stars, so the networks, beginning with Tinker, are going to their suppliers, the independent production houses, for their leaders. Tinker ran MTM Productions, whose greatest star was Tinker's former wife, Mary Tyler Moore, and whose shows include *Hill Street Blues*, *Phyllis*, *Rhoda*, *WKRP in Cincinnati*, as well as those associated with Miss Moore.

The new NBC lineup contains one additional MTM production, *St Elsewhere*, a series with the same pace and mix-and-match characters as *Hill Street Blues* put in a hospital setting. Just as ABC has been closely associated with Aaron Spelling productions, including *Three's Company*, *Charley's Angels* and *Hart to Hart*, NBC now has a television production insider picking its programming.

Highest touted of the new NBC shows is *Family Ties*, a series with the contemporary twist of a hippy couple from the '60s having to deal with their conservative kids in the '80s. Pilots of the show were well received, but the programme went back in for some character changes and development in mid-summer, making it unavailable for viewing.

Cheers takes place in a trendy Boston bar where a handsome young publican orchestrates the antics among the misfits who frequent or drop in on the bar. Made by the same group responsible for *Taxi*, the show was signed before NBC got *Taxi*. At the time Tinker stressed his efforts to go after the talent behind successful shows rather than the "leftover" he called *Taxi* itself. *Cheers* features an older bartender called Coach who talks only sports, a young wise-guy waitress and a romantic interest for the publican in the beautiful blonde who needs a job after being jilted by her older professor-boyfriend.

The pilot depicts the transformation of the graduate student fiancée into the joint's second waitress. A few good jokes in the overplayed stale setting of hale-fellow-well-met camaraderie is about all that *Cheers* offers, but it is enough to give the network high hopes for it.

To go along with its juvenile hit, *Diff'rent Strokes*, which is being moved to Saturday evening, NBC is adding *Silver Spoons*, from the same production house and starring another juvenile big name, Ricky Schroder. He plays the son of a dissolute but attractive playboy, who spends his time in the family mansion riding round on an oversized toy train.

The place is also filled with video games and, to assure its timeliness, the playboy's finances are handled on computer by the inhouse accountant and solicitor. The show is meant to reassure those who believe the child is father to the man rather than those who expect television to appeal to the father as well as the child.

As for their adventure series, the network relies on the same old formula of handsome men, beautiful women and slick hardware. For *Knight Rider* the hardware is a custom-built car run by computer that talks, drives and cannot have an accident unless programmed to do so. Such invincibility, it would seem, eliminates all the possibilities that adventure could offer. What is left to get the heart racing is the show's star, a soap opera veteran, David Hasselhoff, whose chiselled features are too often viewed only through plate glass.

Remington Steele presents an intriguing twist on the adventure formula with a detective agency owned and run by a woman. Remington Steele is a man she invented to front the agency, only to find the face she chose belongs to a dissolute, unscrupulous and extremely handsome man, played it seems with peanut butter in his mouth by Pierce Brosnan, who ends up as the kept partner of the young lady, a more sensible if less sensual Stephanie Zimbalist.

As the challenges increase, the networks seem to let themselves be more reliant on old formulae, if not old familiar faces. The changes that television is going through are everywhere apparent but on the network screens themselves, an omission that may only hasten the loss of their oligopoly on American viewing habits.

A Carpet Sale, Cairo: rich and crowded scene by Charles Robertson

Carl Haag and his Contemporaries/Mathaf Gallery

Briony Llewellyn

Victor Hugo's interest in the East, expressed in *Les Orientales* (1829) was shared by many a contemporary writer and artist: "The whole Continent is leaning towards the East," he wrote. The poetry of Byron and the paintings of Delacroix (among others) with their images of a luxurious, sensuous and adventurous Orient had stirred romantic minds throughout western Europe.

Many determined to experience the place for themselves and when, from about the middle of the 19th century, travelling conditions grew easier, there was a steady stream of visitors to Turkey, the Levant, Egypt and North Africa. There were many artists among them who found, on their return home, that their paintings of the people, architecture and landscape of these countries were in great demand. Most painted in oils, but some, like Carl Haag, and initially J. F. Lewis, worked mainly in watercolours. The large quantity of impressionistic Nile and desert scenes painted by A. O. Lamplough after 1905, attests to the continuing popularity of the subject in the early 20th century.

At the Mathaf Gallery in Motcomb Street, London, SW1 (which specialises in pictures of the Middle East) until September 16, is a splendid array of orientalist watercolours: "Carl Haag and his Contemporaries." After a visit of two years (1858-60) to the East, Haag became one of the leading painters of oriental subjects in Victorian England. Though Bavarian by birth, he had come to London in 1847 to study the watercolour techniques so skilfully employed by British artists. The expertise he acquired in the medium is evident in the dozen or so examples displayed in the exhibition.

The most elaborate are two large street scenes, "A Bridal Procession in Dasmascus" and "Mecca Pilgrims returning to Cairo," both painted in the 1890s, towards the end of his career. Skilfully composed, they shew his ability to render the intricate detail of Islamic architecture as well as individual facial expressions.

Far more spontaneous, however, are the watercolours he did *in situ*. In Cairo, Jerusalem and the deserts of Egypt and Syria he found a rich source of inspiration. He wrote ecstatically from Cairo to a friend in London: "Tell those that are in search of new ground of subjects for their pencil that there is but one Cairo, and artists ought to see it." The sympathetic portrait of a camel driver, the lively study of three musicians and the intimate view of his own studio in Cairo, reveal the warmth of his feeling for the area and its inhabitants.

Jean-Pierre Guézec/ICA

Andrew Clements

The New Grove entry on the French composer Jean-Pierre Guézec gives a work list of 25 items and a brief and lucid introductory essay by Betsy Jolas. Guézec died of a heart attack in 1971, but until Sunday, which would have been his 48th birthday none of his music had been performed in Britain. He was a member of the generation of French composers immediately after Boulez, which includes Jolas, Gilbert Amy and Marius Constant. He studied at the Paris Conservatoire with Milhaud and Messiaen, and for the last two years of his life was professor of analysis there.

Quite why his music has been ignored in Britain up to now is difficult to explain; doubtless it is just part of the general neglect of everything in the European avant garde written by composers born after 1930. It has done the rounds of the contemporary-music festival circuit on the continent and reached the United States—one of Guézec's early successes was a composition prize at the Tanglewood Festival. But this is just the kind of cause that Adrian Jack's MusICA series takes to its heart. Sunday's programme consisted of four of Guézec's works played by members of the group Lontano, some 40 minutes music in all.

Impossible to form a definitive judgment of a career's work from such a sample though the two ensemble pieces, *Architectures colorées* (1964) and *Forme-couleurs* (1969), suggested they are representative of a substantial portion of his output. The epithet "coloured" crops up often in Guézec's list of works, and that concern with colour and texture identifies and places his style quite precisely. The post-Webern serialists are the obvious and most important point of contact, but there is a grittiness about the textures, a passion behind some of the outbursts, which are far removed from the cool crystalline constructions of many of his contemporaries.

Where also many of Guézec's generation were seduced by the possibilities of aleatoricism and open forms, even the latest piece heard at the ICA, the percussion *Onze pour cinq* (1970), organises itself strictly into sections. The kalaidoscopic sequence of *Architectures colorées*, seven sections for 15 instruments seems to be a virtuoso exercise in texture and scoring; *Onze pour cinq* inevitably suggests an element of ritual in its remorseless patterning.

More successful and involving were *Forme-couleurs* and the string trio of 1968.

The former sets two harps against an ensemble of seven wind and percussion that explores extremes of tempo and unmetred passages; the trio is similarly a single movement, more passionate, always exquisitely refined in its preciseness. Performances by the Lontano players seemed confident and accurate, particularly in the string trio. An intriguing introduction then, that should be followed up somewhere, preferably with a selection of works that include voices.

Lucerne Festival

Andrew Clark

People on the continent don't know much about English music. And what they do know has been absorbed more through the medium of the gramophone than in live performance. So the choice of "Britain in Music" as the theme for this year's Lucerne Festival was enterprising, not to say courageous for an event that relies on box office for 70 per cent of its income.

The theme is, of course, sufficiently broad to include music commissioned in Britain from continental composers. Karajan even managed to include a Haydn London Symphony in one of his concerts, and an army of English musicians was imported.

Artistically the most satisfying events have been the small-scale concerts and recitals, sprinkled with the riskier, less-known repertoire: Britten's last quartet from the Endellion, for example, and a programme of Elizabethan songs from the London Early Music Group.

The balance has not been so easily struck in the orchestral programme, where the only real thread is a hefty dollop of Elgar. This means that in the Kunsthaus, where the festival reaches by far its largest audience, the most modern English work to be performed dates from just under 40 years ago—the Passacaglia from *Peter Grimes*, stuck uncomfortably on the front of the opening programme.

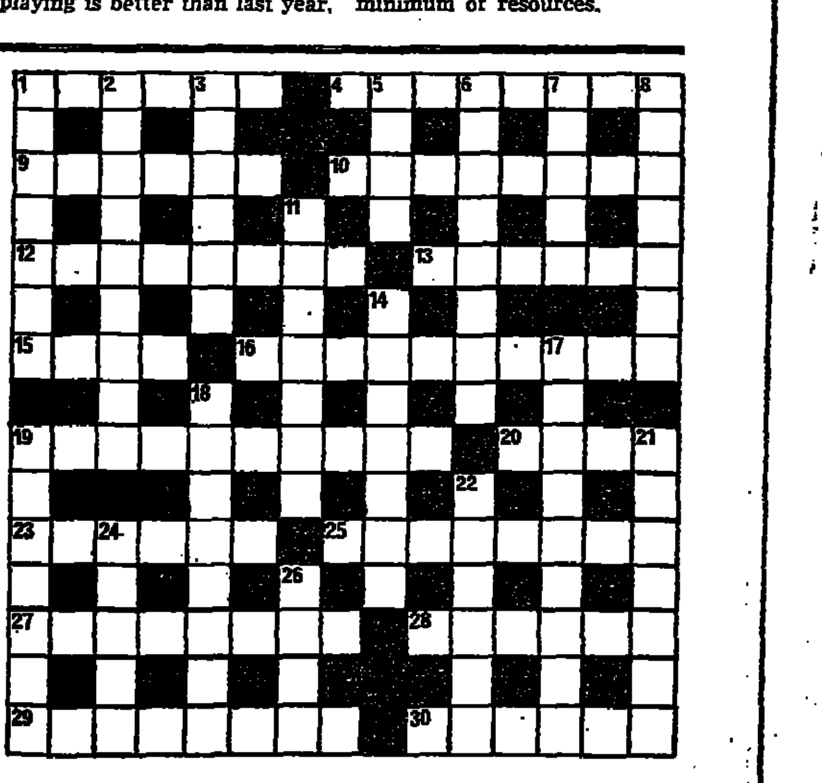
That concert and the two following it were given by the Swiss Festival Orchestra, an *ad hoc* band giving the festival organisers the flexibility to tackle large-scale works and pursue their theme. But its continued use must be called into question. Although the playing is better than last year, the orchestra is still far short of international standard, making it very much the poorer brother of this year's visitors from Berlin, Munich, London, and Philadelphia.

If the festival organisers are to get a better return for the £80,000 it costs to run the orchestra, they need a single conductor with proven skills for hard work and fast results. Zdenek Macal made some progress, judging by the uniform sonority he drew from the strings in the *Enigma Variations*. But even he was unable to coax sufficient lyricism from the section principals or prevent unidiomatic phrasing in a number of tutti passages. Delius' *Mass of Life* suffered even worse: Charles Groves conducted a lifeless performance, with smudged orchestral attack and hesitant, ill-defined chorus work.

The intimate character of the theatre was equally well suited to two programmes of music by Peter Maxwell Davies, including the first complete performance of *Image, Reflection, Shadow* (1982). This was partly inspired by the discovery on tour in Budapest of an East European cimbalom, which the composer had written into the score with the same prominence as Ravel gave the harp in his Introduction and Allegro. The new work makes great demands on the six instrumentalists, and the Fires of London rise to the challenge with admirable skill.

It is a major work, exploring a typically wide range of mood and texture, and contrasting the cimbalom's harsh and exotic, softer qualities. The highly-charged crescendos provide further examples of Maxwell Davies' ability to conjure a large volume of sound from the minimum of resources.

F.T. CROSSWORD PUZZLE No. 4,962



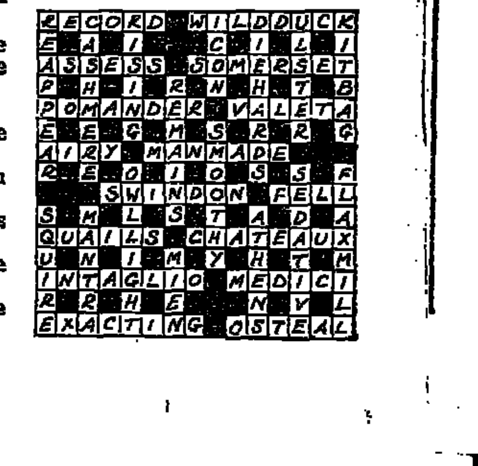
ACROSS

1 Supply the healthy abroad (3, 3)
4 Dwelling with one study among the others (8)
9 Current admission of paternity in English and French (6)
10 Rudely reprimands the instruments in turn (5, 3)
12 A female supporter in architecture (8)
13 Stick on this spot (6)
15 Proverbs can prove to be cutting (4)
16 Let's have a squint at the answer (10)
19 Left naturalist down under (4, 6)
20 It is the end of the hare (4)
23 Sailor stows away in a Dallas cargo (6)
25 Rush Othello to prison (8)
27 "A damsel with a —— in a vision once I saw" (Coleridge) (8)
28 The code includes love for the bad-tempered (6)
29 Suggested by Smith, Smith, Smith and Sons (8)
30 Just one among other messengers (6)

DOWN

1 A country's girl (7)
2 Good social background makes the best draughtsman (3, 6)
3 Arab community surrounds the expert in a tumult (6)
5 Finished up in the Netherlands (4)
6 Sick start to the state of America (8)
7 Sort of poem a record poem (5)
8 Rows about race cause giggles (7)
11 One bird gives a mouthful to another (7)
14 "To that high —— where kingly Death keeps his pale court" (Shelley) (7)
17 Isn't it a small world! (9)
18 A thought to please the dreamer (8)
19 Champion a youngster in suffering (7)
21 Objectives a sailor achieves (7)
22 Goes to reform a subordinate (6)
24 Sarah goes to work in the county (5)
26 Used in the open river (4)

Solution to Puzzle No. 4,961



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Wednesday September 1 1982

Pension funds and the TUC

THE CONCLUSION of the Trades Union Congress's latest report on pension fund investment and trusteeship will inevitably be regarded in some quarters as contentious. And in its discussion of institutional investment the report is open to attack on numerous points of detail. Yet a strikingly large number of the specific suggestions put forward by the TUC have non-partisan appeal.

Few outside the private pensions business would argue with the assertion that the present legal framework for occupational pension schemes is inadequate. The activities of pension funds are governed largely by an outdated law of trust, which was intended primarily to cope with problems of family inheritance, widows and children, not pension funds handling billions of pounds. Despite the fact that employees more often than not contribute part of their pay to their pension fund the employer is regarded as the "settlor," with wide powers at the outset to control the appointment of trustees, the rules of the scheme and other crucial points.

Trustees, who in some cases now include worker representatives among their ranks, have a legal duty to invest in the best interests of their members. This is normally interpreted to mean that they should take a narrowly financial view of their members' interests, without taking into account the wider economic or social effects of their investment policy. In many cases they are indemnified against personal liability for their actions as a trustee under the terms of the trust deed. Few pension scheme members have the resources to bring legal action against trustees where bad investment decisions have been taken.

Compelling

Against such a background the case made by the TUC and others for a new pension scheme Act is compelling, though whether it would ever be possible to arrive at a watertight legal definition of pension fund members' interests is a moot point.

Where the debate becomes more acrimonious is on the issue of trade union representation and the pattern of pension fund investment. The TUC's policy continues to be that all pension schemes should include 50 per cent member representation appointed through trade union channels. And it is increasingly exercised about the proportion of pension fund money that is finding its way into overseas investment.

It is certainly open to question whether a majority of pension fund members would identify their interests with those of trade union appointed trustees. And it is doubtful in the extreme whether one of the TUC's alternatives to investment in property or in overseas assets—a tripartite national investment bank—would make sense.

Conclusion

The Wilson committee, whose members included Mr Len Murray and other trade union leaders, reached the unanimous conclusion that lack of finance had not been a constraint on productive investment in Britain. Moreover, one of the lessons of the past decade has been that big money is extremely difficult to manage. When fund managers have departed from investment orthodoxy they have frequently run into trouble—witness the difficulties of the Electricity Supply Industry pension fund. It is hard to believe that a tripartite giant would do the job so much better; in place of speculative property projects there would no doubt be speculative prestige projects in industries with less than certain growth prospects.

Where the TUC is on stronger ground is in arguing that pessimism about economic prospects in Britain could become self-fulfilling. Indeed, it is possible that the present tidal wave of investment in overseas assets represents an over-reaction, in the wake of the abolition of exchange control, to years of under-performance by the British economy. Yet setting a statutory limit on the proportion of cash flow to be invested overseas would be nugatory; fund managers would probably increase the proportion of assets overseas in anticipation.

There is more mileage in the TUC's proposals for encouraging imaginative investment on a smaller scale and at the local level. While the ideological trappings of the GLC and West Midlands local enterprise boards may not appeal to non-trade unionists, they have found takers for their money, strings notwithstanding. The TUC's case for local pension fund support, within prudent limits, for local enterprise, deserves wider consideration. Investment in Britain has become excessively centralised. The private pension funds would do well to rectify that unhealthy bias.

An old way with new debts

ONCE UPON a time, long, long ago, venture capital from Europe, then the heart of the industrialised world, was the dynamo of expansion for the countries overseas. Railways in the Americas, mines in Africa, manufactures in India—European entrepreneurs had a finger in all of them.

It reads like a fairy tale today, except that many of the risk takers did not live happily ever after. Some lost their shirts quickly. Others had good returns, but finally fell victims to change in the world. A rising tide of economic nationalism swallowed up many ventures. Some were expropriated, not only in Communist countries; others had to sell out partly or wholly to local interests; yet others were hedged about by restrictions in countries struggling to establish their own identities.

Long term

Not only established ventures suffered. So did the readiness of potential risk takers in industrialised countries to finance their arm, especially since the dynamic growth of the industrialised economies after the second world war offered plenty of opportunities nearer home.

The results can be seen in figures for 1978 compiled by the World Bank. During that year the net inflow of direct investment into the developing countries, including the *nouveaux riches* Arab oil producers, came to a round figure of $7.5bn. It is a beggarly total when compared with a gross inflow into Brazil alone of $10.1bn in the form of medium and long term loans.

That pattern cannot easily be reversed. Too many low income and medium income countries are in too much financial difficulty to make them tempting to the venturer, however willing he may be to take a risk. The nationalist obstacles are still there, and underemployment of existing industrial capacities in the rich part of the world may make investors' charity begin at home.

That said, it still is worth examining whether even a small shift from straightforward borrowing to the import of venture capital could not benefit both the developing countries and potential investors in Western Europe, the U.S., and Japan. There are a few signs, perhaps no more than straws in the wind, that some of the developing countries are looking at this route.

Driven by the need to service a foreign debt that has become unmanageable, Mexico seems to be ready very discreetly to become more pliable in enforcing restrictions on foreign investment. In principle the law, with only minor exceptions, insists on majority Mexican partnership in any new ventures. But principle may be bent if a foreign investor is prepared to put in new capital—even if it brings him above the 49 per cent maximum participation so far enforced.

Despite the present weakness in oil markets, the country's oil reserves provide a solid basis for its medium term development. Moreover, as recent events have shown, straight debt, once it is allowed to become excessive, constricts national freedom of action more severely than the presence of foreign direct investment.

Opportunities

Others have made the same realisation. In India, Mrs Gandhi has widened the opportunities open to foreign investors, although bureaucratic controls remain burdensome. Even President Fidel Castro's Cuba has wooed foreign investors.

Potential investors will want to know that there is more to this trend than a series of barely disguised fire sales. Before risking their money they will want to know that they will still be welcome once the immediate crisis is over. They need assurances about the right to remit profits—but also must accept that without profits there will be nothing to remit. For the recipient country that is easier than debts that must be serviced in good times or bad.

ARGENTINA'S ECONOMIC CRISIS

A sense of collective vertigo

By Jimmy Burns in Buenos Aires

ARGENTINA IS threatening to capture world headlines again, not with Exocet missiles, but because of her massive $36bn foreign debt and the potentially devastating threat of default.

The country is not bankrupt yet—it has about $300m of disposable reserves left, according to independent bank estimates. But the capacity of Argentina to meet its international obligations is being questioned by western bankers as they watch with unease the spectacle of a deepening economic crisis and an increasingly uncertain political situation.

Argentina is hurtling back towards the hyper-inflation of seven years ago—she has a current annual inflation rate of 70 per cent measured in wholesale prices alone. Industry remains in a state of virtual collapse with most companies working at less than 50 per cent *capacity and as much* as 13 per cent of the active population out of a job.

The instability of Argentina's peso is so extreme that it has begun to undermine the performance of the country's crucial agrarian sector, further damaging the *balance of payments.*

Over the last few weeks trading of Argentina's exportable surpluses of maize and sorghum have ground to a virtual standstill, with the only outgoing merchandise being contracted on a contraband basis. Much needed export earnings *are simply not reaching* the coffers of the Central Bank, and a second half trade surplus of $1.3bn, with which Argentina *was hoping to pay part of the* $2.53bn interest on its foreign debt without recourse to fresh capital, now seems very optimistic.

Extreme positions on the foreign debt

In July Sr José Maria Dagnino Pastore, the then Economy Minister, attempted to restore order amid the chaos resulting from the Falklands war by announcing a bold plan aimed at reactivating the economy through boosting exports and domestic consumption.

Measures included a major devaluation of the peso, a lowering of interest rates, stiff controls of imports and across-the-board salary increases. The broad outlines of the post-war revival plan responded in principle to the social pressures building up around the military regime and for which the April 2 invasion of the Falklands provided only the illusion of an escape valve.

In practice, Sr Dagnino Pastore's pragmatic approach came into conflict with his concern about the country's foreign debt and a fear that he was weakening Argentina's economic system by opening the gates to inflation. He soon moved to moderate his programme by trying to clinch what amounted to a prices and incomes policy in agreement with employers and unions. The attempt failed *dismally. The main employers'* federation, the Union Argentina Industrial refused to give its full backing to a scheme for voluntary price controls linked to preferential credit terms.

The unions, dissatisfied with an initial round of wage hikes of between 20 and 30 per cent pressed for more with strikes and vociferous attacks against the Government.

Underlying the economic crisis is political confusion which has daily grown worse in the aftermath of the Falklands crisis: a sense of collective vertigo persists.

It says much for the current state of things that last week Sr Dagnino Pastore had to resign after only two months in office having reluctantly concluded that the political divisions raging in the country had made the *economy virtually* unmanageable.

The paralysis pervading most aspects of Argentine civilian life, not just the personal experience of Sr Pastore, is rooted in the instability of the armed forces. This instability has now reached such proportions that there is scarcely a day that does not bring with it a fresh rumour of an imminent coup.

Argentine President General Raynaldo Bignone and his army chief General Cristino Nicolaides insist that they have full control of things and that they can guarantee a period of stable military rule until the promised return to full democracy by 1984.

But neither Gen Bignone's fireside chats on national TV nor Gen Nicolaides' regular visits to key regiments up and down the country have managed to instil a widespread feeling of confidence in the Government's ability to survive.

It is significant that in spite of the legislation of political activity by Gen Bignone, the parties on the whole remain cautious, if not outright pessimistic. *Most civilian politicians* like to believe that Gen Bignone is in charge of things, but feel that his government is actually as fragile as a small boat in turbulent seas.

Soon after Gen Bignone and Gen Nicolaides took charge early in July, the bold step was taken to investigate fully the conduct of the Falklands war. The initial aim was to move quickly to isolate culprits and thus restore the shattered image of the armed forces.

In the wake of the Falklands defeat an embittered nation had demanded that justice be done to those who had so ignobly duped them in the war against Britain. *In recent weeks* important military figures have followed former President Gen Leopoldo Galtieri, into forced retirement. They include Air Force chief and former junta member Brig Gen Basilio Lami Dozo, the former military governor of Port Stanley, Gen Mario Benjamin Menendez, and the former commander of the Falklands operation, Gen Osvaldo Garcia.

But the *house cleaning* exercise has only succeeded in further exacerbating inter-service rivalries and political ambitions that were bubbling beneath the surface well before the April 2 invasion. Both Gen Bignone and Gen Nicolades now give the impression that they are struggling to put the lid on a Pandora's Box which in retrospect they might have preferred to keep closed during the delicate period of transition from military rule to civilian government.

The troubles within the military indicate that there is much more at stake than a simple question of professional competence. The shock produced by the *Falklands* debacle has led to a serious questioning of political, social, economic and diplomatic values, and the nationwide debate has been nowhere more keenly fought than within the armed forces.

Last week Gen Nicolaides ordered the arrest of an infantry divisional commander Gen Ricardo Flouret for "immoderate excess" of remarks he had made to a *group of fellow officers. Flouret* is reported to have claimed not only that the Falklands investigation had not yet been thorough enough, but that the Government's foreign policy was becoming too pro-western again and that the economic programme had not broken away *sufficiently from the free* market policies pursued by the military regime since 1976.

Gen Flouret is believed to have argued strongly against a settlement of Argentina's foreign debt which might involve bending to the tough dictates of the IMF, or the monetarist considerations of Argentina's other foreign creditors.

Nationalist sentiments running strongly through a sector of the armed forces and supported by civilian politicians within the leading traditional parties, including the Peronists and Radicals, are thought to have been behind Sr Dagnino Pastore's demise last week. Sr Pastore had apparently come round to accepting that a meaningful *renegotiation of Argentina's* debt could not be achieved without first normalising economic relations with Britain.

A global renegotiation of the debt has so far been held up by British banks. However, within the military it is argued that *such a normalisation would* undermine Argentina's diplomatic position over the Falklands issue.

Fear of opening the gates to inflation

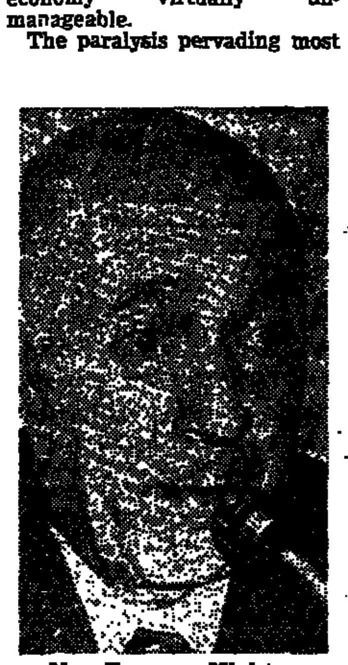
Nationalist sentiment underlines the difficulties faced by Argentina's western creditors as they prepare to thrash out an agreement with Sr Pastore's successor, Sr Jorge Webbe, who is due to lead an Argentine delegation to the IMF meeting in Toronto next week.

Most rational local economists admit that many of Argentina's economic problems cannot be simply blamed on foreign capital. But in the heated political climate that currently pervades the country, attitudes are being simplified for the sake of immediate political gains rather than from a genuine wish for a long-term solution to the economic crisis.

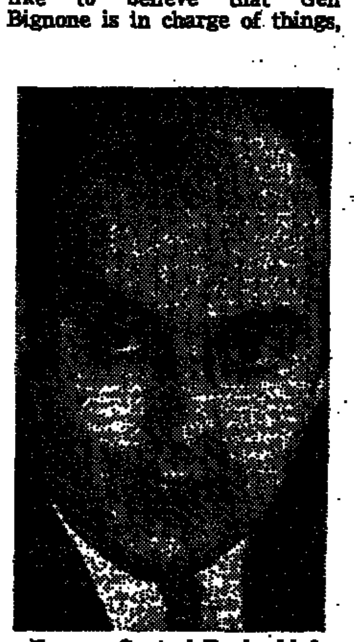
Many of the nationalist military officers are fuelling some of the more extreme positions on the foreign debt to divert attention from the collective responsibility they share for the economic shortcomings, human rights violations, and corruption thrown up following the 1976 military coup.

*Meanwhile the dogged resist*ance to change of many officers in state companies may also have contributed in large measure to the failure of the orthodox monetarist theories favoured by civilian Economy Minister, Dr Martinez de Hoz, during the period from 1976-81. And that is beside the uncontrolled expenditure on arms purchases which probably has done more harm to Argentina's *financial stability than anything* else.

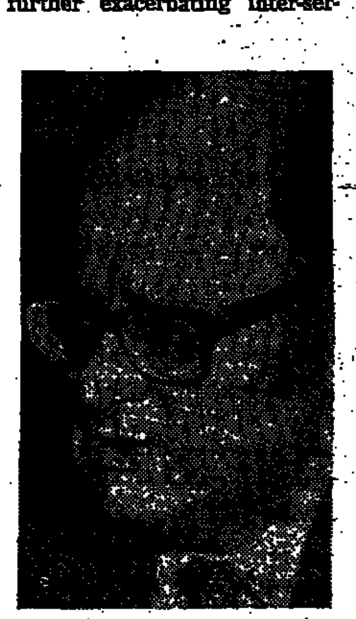
General Reynaldo Bignone, the Argentine President: his Government "as fragile as a small boat"



New Economy Minister Jorge Webbe



Former Central Bank chief Domingo Cavallo



Jose Maria Dagnino Pastore—force to resign

ARGENTINA'S GROSS EXTERNAL DEBT (end year—US$m)

1978	13,663.0
1979	19,034.7
1980	27,162.0
1981	37,100.0

Source: Banco Central

PESO AGAINST THE $ (Month end)

August 1981	5,273
Oct. 1981	6,237
Dec. 1981	7,258
Jan. 1982	10,100
Feb. 1982	10,050
March 1982	11,250
April 1982	12,000
May 1982	14,500
June 1982	15,450
July 1982	21,550
August 1982	24,160

N.B. August 1981-Dec. 1981 and July and August 1982: commercial rate; Jan. 1982-June 1982: single rate

Men & Matters

Out of line

A storm in a samovar has boiled up within the normally disciplined ranks of the Com*munist Party of* Great Britain which demonstrates that even the best run operations can sometimes look like the Labour Party.

The CP's theoretical journal, Marxism Today, has published an article in its September issue which, while unmistake*ably from the left, is at one* point a little critical of shop stewards. The article's author, Tony Lane, says that stewards can constitute "a new working class elite which has the opportunity (and too often takes it) of sharing in the expense account syndrome: the franchise *of perks and fiddles has been* widened."

Now shop stewards are, as far as the CP is concerned, equivalent to what Stalin used to be for the Party: above reproach. Mick Costello, guardian of the orthodoxy, leapt into print in the Morning Star, the *party daily, calling* the article a "cynical and gross slander" and reminding his audience that the CP gives unqualified support to unions and stewards in their fight against the Tories.

The public row signals a deeper disagreement between some in the CP leadership who believe that Marxism Today, under the liberal editorship of Martin Jacques, has strayed too far away from the line; and *others who believe a hundred* views should bloom. Among contributors who have graced Jacques' readable pages have been John Alderson, the retired chief constable of Devon.

Jacques is lying low, but the row is likely to rumble on. His main line of defence is that the magazine's sales have more than doubled under his regime, to around 12,000, and may, depending on how you look at it, be making a bit of socialist surplus, or profit.

Jacques may not be the only political editor in trouble. James Curran of the Labour Party's New Socialist has, in his latest issue, strongly challenged the Labour executive's *support for a register of groups* —the tactic designed to get rid of the Militant Tendency.

This editorial challenge follows an issue in which Labour's line on the Falklands was sharply taken to task.

Clearly the leadership of both parties must be reflecting on their criticism of Fleet Street newspapers as the mouthpieces of their capitalist owners. Why is it they cannot own mouth*pieces as well?*

Going together

JOHN McKAY, Sir Michael Edwardes' image-builder and close confidant during Edwardes's five years as chairman of BL, is to leave the company on November 8—the same day as Sir Michael.

The new BL management structure, which McKay helped evolve, does not allow for a central director of communications.

McKay says "I could have stayed on in some other position but I think now is the time to use some of the experience I have acquired to advise a *range of other companies.*"

McKay, now 41, read economics at Exeter and started as a business journalist. Then came a spell with management consultants Urwick Orr. While at a management-by-objectives conference he met Edwardes for the first time. They frequently lunched *together* and talked about communications in particular.

When Edwardes was appointed boss of Chloride in 1971 he called in McKay to run the group's publicity.

Six years later Edwardes asked McKay to follow him to *what was then British Leyland.*

Will McKay follow Edwardes again? It is possible. Mercury, the communications group which Edwardes will head may be one of the companies McKay will advise when he sets up his consultancy.

Star crossed

The Royal Bank of Canada was being suitably discreet yesterday about reasons for demoting Viscount Hardinge, recently appointed chief executive of its London merchant bank Orion Royal, and bringing in John Abell from Wood Gundy to fill the top spot.

Geoff Styles, who heads the Royal Bank's merchant banking division, said that it had decided a career merchant banker was the best man for the job and Hardinge, who has spent his career as a commercial banker with the Royal, will continue to do good work as deputy chairman of Orion.

By all accounts Orion has not been the happiest of places since last year's takeover and several executives have quit because they preferred a more independent life than working for the merchant arm of a commercial bank afforded.

Abell's job will be to broaden Orion's range of investment banking activities and his appointment may reassure those executives who felt that Orion *was becoming a mere puppet of* the group's Toronto head office.

He will be nevertheless the bank's fourth chief executive in three years.

Money's worth

Getty, Hunt, Ludwig, Packard—all figures of such enormous wealth as to qualify them for an exclusive category in a new list of the 400 richest people in America, the $1bn-plus class.

There is a strong whiff of Texan oil among the dozen or so billionaires listed, and several also place a high premium on keeping their affairs private. Men like Forrest Mars, the so-called "Howard Hughes of candy" and shipowner Daniel Ludwig are unlikely to appear willingly on the "This Is Your *Life" programme.*

Forbes Magazine, which compiled the list, says it recognised from the start that many people would regard the Forbes 400 as an invasion of privacy and a magnet for unwelcome attentions. But that, the magazine says grandly, was outweighed by the potential importance of the list to the business community.

There is, though, one little gap in the numbers. For an estimate of the wealth of Malcolm S. Forbes, who happens to own the publication, readers are invited to turn to page 170 where they may be somewhat mystified to find excerpts from a three-year-old interview with Forbes by Playboy magazine.

It is not much of an omission, however. *Forbes is only* reckoned to be worth a few hundred million which is well down the league in this company.

"No" music

With an unexpected hint of humour, Portugal's banks are now soothing impatiently waiting customers with a song.

Instead of the silent or faintly-crackling limbo into which the caller once plummeted when the desired department was engaged, the telephones of the Caixa Geral De Depositos, the national savings bank, now pacify those who wait with the strains of "La vie en rose" or "Je ne regrette rien."

Considering how hard it is to get a loan in Portugal nowadays with Government directives not to "waste" credit on unworthy causes, customers of the Caixa are privileged.

Observer

هكذامن الأحول

NEW CAR SALES

Why the Metro is in low gear

By John Griffiths

AUGUST WAS a record month for new car sales in Britain. But the car industry has taken cold comfort from the fact and now fears an autumn sales famine which could get worse as winter approaches.

As so often in the past, it is BL which is the most worried of the British manufacturers. Last week the company announced that it was halting production of the best selling Metro for three weeks to cut stocks which have built to unexpectedly high levels.

The continued success of the Metro is vital for BL, because it will be six months before it has a new model to compete in the medium car sector where conditions are also very tough.

It is not that the Metro is starting to flop.

But the Metro is a victim of the costly combination of the annual August number plate change and the fierce discounting war which ended—officially—yesterday. BL is convinced that the net effect of this has been to pull forward sales that would otherwise have been spread through the autumn.

The discounting campaigns have badly distorted the whole market. Margins have been squeezed so tight in each sector that new car buyers have discovered that medium size cars now cost only a few hundred pounds more than small ones.

The slowdown in sales is not a problem that is confined merely to Britain. The Italian industry remained buoyant longer than others in Europe, but is now turning down. The phenomenon is world-wide, with the U.S. market undergoing its worst recession for 21 years.

Within those countries, the overall small car market share is not declining (see table). But the expected volumes are simply not there. Thus the Metro plant this year has been running at not much more than 65 per cent capacity — 4,025 cars a week.

According to DRI (Data Resources International) estimates, next year will be a better one: on present trends British sales should grow to about 1.64m. In the four main European markets, including the UK, sales should increase from 7.38m last year to 7.9m. Within these the small car sector also should rise from 2.29m to 2.43m. The trouble is that BL

The Metro: its continued success is vital for BL

has only limited time left to take advantage of this.

In two months' time, the Metro whose Europe sales are set to reach 65,000 this year is going to be fighting another major new rival. Then, General Motors' own supermini — the S car being built at Zaragoza in Spain is due on the market. The Spanish plant has a maximum capacity of 300,000 vehicles a year (the same as Longbridge where the Metro is made), and all its output is destined for Europe.

Provided Vauxhall can persuade unions who want it assembled in Britain not to carry out their threat to "black" imports, it will arrive in the UK in the spring.

Its potential impact on the UK market cannot be underestimated. Vauxhall is riding a boom, even within a stagnant market. Even Vauxhall itself readily admits that it totally under-estimated the impact of its Cavalier. Vauxhall expected sales of 65,000 a year when it was launched last October: it now expects 100,000. The Cavalier has pulled up the rest of the Vauxhall range, enhancing the company's image to the extent that Vauxhall sales this year are 35 per cent ahead of 1981 and the best for 13 years.

The European small car cake may grow over the next two years. But BL, Volkswagen, Ford—and the other manufacturers crowded into the hyper-competitive small car market—are going to have to share it with a very large and hungry extra rival.

The long-term prospects for the small car sector are no more encouraging. Barring an unexpected political development, no dramatic rises are expected in oil price over the next five years. And as the world economy starts to pull itself out of recession and real incomes rise, it is the medium and larger sectors of the car market which are expected to benefit at the expense of superminis as the pre-occupation with fuel economy decreases.

It is not just BL which has had to cut back because of shrinking overall markets; Volkswagen is briefly putting 75,000 workers on short time, many of them involved in building small cars such as the Polo. In all, there is excess capacity of about 1m units chasing a total European market of about 10m cars a year.

In the UK context, the Longbridge plant is particularly vulnerable as the only centre of Metro production. Ford can juggle its balance of UK Fiesta sales between those built in Britain and the 50 per cent or so shipped from Spain. All the Metro's other main rivals are imports. For BL, in contrast, destocking inevitably shows up in lay-offs.

Ironically, the high productivity of Longbridge—claimed to be up 120 per cent in the past two years—has created its own problems. BL has been able to meet its now known-to-be optimistic output targets more easily than expected, with the result that 500 workers went in the spring.

One major trouble with the Metro lines is that they are just that: Metro lines. They are not as flexible in the way that recent Japanese plants are able to cope with a wide mix of models. They can mix bodyshells, sizes, power plants, front and rear wheel drive at will, taking changes in market demand in their stride. BL and most other European makers have cause to envy them.

Meanwhile, Britain's Society of Motor Manufacturers and Traders (SMMT), aided by the Motor Agents and Finance Houses Associations, has now set its sight on special car tax —which is 10 per cent of purchase price and VAT combined. The industry regards it as iniquitous—a relic of the old syndrome by which successive governments have used the industry as an economic regulator.

That would cut prices by 7.7 per cent, and possibly reduce the propensity for private buyers to seek cheap personal imports from abroad at the current 50,000-60,000 a year rate. It could, in the SMMT's view, add 100,000 British-made cars to the market.

It would cost the government, on rough SMMT estimates, between £350m and £400m in lost revenue. But the industry has decided to go flat out on a campaign to convince Westminster that it must provide long-term support for an industry which, with its 1m jobs and £4½m worth of exports, still regards itself as the main engine of the economy.

It should be possible, the SMMT believes, to create a market of 2m cars a year—with all its positive implications for jobs and component suppliers—as Europe emerges from recession. It argues that it is no accident that the West German and French industries are stronger than the UK's, because they have much larger domestic markets to underpin them.

That would make life easier for the Metro, whose UK market share shows no signs of flagging but the Mini does have a problem. With basic versions of "superminis" like Metro now little more expensive, the attraction of buying really small cars has diminished. The Mini's market share has dropped from nearly 2 to under 1.5 per cent in 12 months. Whether it will survive is another question.

For the moment, BL's reluctant to lose anything that gives it market share, because it still lacks a main medium size car with which to compete. Demand has fallen badly for the Ital, which must hold the fort until the first LC 10 range model, the hatchback LM 10, arrives next spring.

It is in any case the LC range which is BL's true potential life-saver. Small cars generate little profit, particularly in such a crowded, competitive market, and it is more profitable medium and larger cars to which the industry is looking to get back on its financial feet.

But even the LM 10 will be facing intense competition: from the Cavalier and Ford Sierra, Cortina's about-to-be launched successor.

Tough as it might be for the industry, however, it remains an excellent time for the buyer. While most manufacturers' official discounting campaigns came to an end last month, few expect that the discounting is over.

It is still a very rough market. Some dealers have been giving away all their margins, plus Ford's own £300 dealer incentive, to keep Cortinas moving—it is possible to buy one at under £4,000.

Talbot is offering £1,000 or more off some of its medium models and the winter still lies ahead.

SMALL CARS AS A % OF THE TOTAL MARKET

	UK	Europe*
1980	24.0	29.6
1981	29.0	31.0
1982	28.5	31.1
1983	29.3	30.8
1984	28.5	30.4
1985	27.2	29.6
1986	27.2	29.7

* UK, Germany, France, Italy. Source: DRI Europe Automotive Services.

Social Affairs

The end of the British summer holiday

By Ian Hargreaves

DID YOU have a nice holiday? With August over, I know the question pushes the bounds of seasonal good taste.

But now that Britain, in common with developing countries crippled by oil imports and a non-existent manufacturing base, has a minister for tourism, questions about holidays are part of the political agenda.

Personally I don't doubt that Mr Iain Sproat, the minister in question, will succeed in reversing the tourism deficit. After all, it is quite small (£236m in 1981) and of recent origin. Much endowed with history and natural charm, Britain can hardly fail to attract larger numbers of foreign tourists.

The problem is that on the other side of the account British people are fleeing at an ever-increasing rate in the opposite direction, leaving behind them forests of peak season vacancy signs in the seaside resorts where Britain used to get its annual dose of fresh air and fun.

So in this context, my own two weeks in Devon have some relevance. I have to report that they began in most satisfactory style with strike-bound European ferries and a wobbling pound.

Piecing together the memories, I still cannot quite identify the moment when we had to admit otherwise.

Perhaps it was the first day when, after an hour or so fidgeting around on the damp shale in one of Torbay's deservedly minor coves, paddling a desultory catamaran between rocks and fruitlessly undertaking acts of bravado designed to convince my children of the pleasures of cold water, we gave up any hope of sustained open air warmth.

Or it could have been the day we strode off to conquer the pleasant summit of Marden Moor and tumbled down the other side to the wasp-infested broken tables and litter of the Steps Inn beergarden and the discovery that the only bus of the afternoon back home was not going to appear.

The sight of lines of families eating sandwiches beneath the tent of a shared anorak on Torquay promenade, their children's knees the colour of bilberries, may have added to the sensation. So, too, in a way I can't quite explain, may the fact that as we left the Hoffman family circus at Goodrington Sands, the acrobat who had moments earlier stunned us with his feats on the trapeze was standing there in an overcoat selling signed photographs of his troupe for 20p and no-one was buying.

Probably, in fact, there was no single moment. The broken biscuits in the steamed up car; the day when the highlight was a shivery view of Dartmoor Jail; the children's medicine in the picnic hamper; the Tudor Rose tearooms where the vicar and his mothers' union spent their entire meal uproariously analysing the poor value of the menu. "You could always have baked beans for £1.10"—howls of sardonic laughter.

> The mothers' union and vicar spent the entire meal unroariously: 'You can always have baked beans for £1.10.'

At any rate, the admission did, eventually, slip out. One night, just after we had put another 50p in the electricity meter so that we could settle beside the Magicoal electric fire and plan the next day ("if it's absolutely freezing and raining, perhaps we'll go to the cinema; if it's just freezing, we'll try flying the kites or chance a game of putting") we finally said it. After that, it wasn't too bad and the power of analysis returned.

As a service to the nation, then, here are the two principal reasons why I will never again take my summer holiday in Britain.

The first is obviously the weather, but as the weather is an act of God, enough said. So far as I am aware, the licensing laws and the restaurants are not divinely ordained.

These can be considered a single grievance in that, with young children, all you desire is a place of reasonable cost where you can spend an informal and pleasant evening. Now Devon has some good restaurants—they are listed in guides—but they are not places where you linger while the kids lark about, as you can in almost any country restaurant in southern Europe. And those British restaurants which "cater for children" certainly do not cater for adults. That is unless adults cannot distinguish fish from batter and can eat cheesecake which you could use to scour porridge from a pan.

The licensing laws, widely recognised as a disaster, have spawned at the seaside a deformed cousin, the pub "family room." This is normally at the back, near the outside toilet, so that children get an interesting view of their elders staggering from inexplicably forbidden territory, called the bar, and back again. The area is non-licensed, so parents sit among the crisp packets while their offspring develop economically ruinous relationships with space invader machines.

A sociologist from Mars, or even one from Marseilles, would conclude after studying these premises that the "family" was some evil-smelling animal necessary to human society and therefore, like chemical factories, in need of tight zoning controls.

All this holiday fun comes at a price. Without enjoying one truly excellent meal in a fortnight, we got through £700, including £220 rent for a slightly damp, converted farmhouse barn.

The truth is that the British summer holiday by the sea is dying. It is not good value for money and the accommodation standards have not kept pace with those that Britons now enjoy at home, where 96 per cent of them have bathrooms.

Smaller resorts will have to rely increasingly upon retired people and bigger ones will have to build costly all-weather pleasure palaces, just like the pier builders did.

But even that may be too late. I remember the first time I heard the name Torquay, in a geography lesson at Burnley Grammar School when we were shown a slide of palm trees in a mystery "tropical paradise." Paradise, alas, is lost.

Letters to the Editor

The Inland Revenue and punk, barnacled legislation

From Mr B. Sabine.

Sir,—I was intrigued, as I am sure many of your readers were, by Mr Harper's letter (August 25) with its horticultural metaphors reminiscent of Miss Prism and Dr Chasuble. Briefly he is saying that the Chancellor of the Exchequer is suffering from a "Yes Minister" syndrome and that taxation is hardly democratic since the Revenue has a bottomless purse when it comes to tax avoidance, "a legitimate exercise, if not yet a virtue."

But is that fair comment? Between the role of the Board which has the statutory duty of the "care and management" of the direct taxes and the professional avoidance merchant there is a great gulf fixed which Mr Harper highlights but that is all.

For an impartial view the ordinary man would look, with a certain amount of apprehension, to the guidance in the 52-plus volumes of tax cases. But he would find that when the Courts are called upon to adjudicate upon what is fair and reasonable in the avoidance field, even pre-Ramsay, there is no lack of conflicting precedents. A fiscal examination question could well read "Compare and contrast the well-known judgments of Lord Tomlin, Lord Simon and Lord Justice Sachs."

But this is a confession of failure. There must be a sense in which even so barnacled and complicated a set of legislative provisions, added to this year, for example, by a Finance Act only just exceeded in length by the notorious Act of 1965, can be interpreted according to some fundamental principles.

To discover these is not easy, to trace a historical pattern, to unearth basic tenets; there is certainly no instant solution. But assuming that this is the province of the courts, one possible move in the right direction would be, as has been suggested by many responsible jurists, to reconstitute the Special Commissioners as a court with reported decisions but without costs and then have simply a three-tier system to the High Court, and thence straight to the House of Lords (which the "leap-frogging" procedure already permits). There would be a saving of expense, an increase in efficiency and the "democratic process" (Mr Harper's words) would be fully safeguarded.

B. E. V. Sabine.
Bank House, Charlotte Street, Manchester.

Accounting for leases

From Mr D. Pike

Sir,—I am currently ploughing through a document containing some 456 pages of the comments received by the accounting standards committee on ED29: accounting for leases and hire purchase contracts. That the ASC has chosen to present replies in this form without any summary or even comment on the views expressed is to me indicative that some important reservations and objections are to be swept under the carpet.

David J. Pike,
6, Holt Park Drive, Leeds.

Who is subsidising whom?

From the Treasurer, Essex County Council

Sir,—I cannot agree with P. A. Sargeant (August 19) that it is the residents of Scunthorpe who are subsidising London excessively. The Chartered Institute of Public Finance and Accountancy 1982-83 local authority rating statistics show that London ratepayers are receiving Government grants equivalent to £283 per head, equivalent to 38 per cent of total expenditure by the various local authorities in the metropolis. In Scunthorpe the total grants are £273 per head, but this is equivalent to 54 per cent of expenditure by Humberside County Council and Scunthorpe District Council.

While expenditure per head in London is £744 per head and only £503 in Scunthorpe, the householders' rate bills average £451 in the inner London boroughs and £370 in outer London, compared with only £262 in Scunthorpe. There is not much difference in the income tax yields per head. Hansard quoted figures of £348 for London and £334 in Yorkshire and Humberside in 1978-79.

I consider the people of Essex have much more reason for complaint about subsidising both London and Scunthorpe. In Chelmsford rate bills average £295 per household but with Government grants of only £148 per head, it is hardly surprising that the local authorities are only spending 70 per cent of the Scunthorpe total and only just over half as much as in London. Just to rub salt in the wound, Hansard quotes the income tax per head at £563 per head in the south east counties.

Subsidies and grants have less to do with the spending of local authorities than inequitable differences in rateable values.

E. A. Twelvetree.
County Hall, Chelmsford, Essex.

Adopting company status

From Mr E. Ray

Sir,—When, wearing another hat, I was asked by Charles Batchelor for a comment on whether chartered accountants would welcome the opportunity to practise through the medium of limited liability companies, I was not aware of the context in which my comment would be reported ("Why professional people are seeing the advantages of adopting company status" August 24).

Mr Batchelor is, to say the least, rather over-stating the case when he suggests that professional people are looking to incorporation to "allow them to take advantage of tax and related benefits conferred by ... company status." While it is not possible in this letter to discuss adequately the pros and cons of company and partnership status, I must write to comment on two false impressions given.

He implies that a company does not pay tax on retained earnings. While it is true that the rates of corporation tax are lower than the highest rates of tax on personal earned income, there is no distinction in the taxation of companies between profits which are distributed and those which are retained; both are equally taxed. Furthermore, while the partner may have suffered a higher rate of tax than would have been suffered in the company, he does have the advantage of having the net of tax amount in his own pocket rather than retained within a company.

Mr Batchelor suggests that pension schemes for the self-employed have to be financed from taxed income, whereas in a company pension fund contributions are tax deductible. The truth is that full tax relief is available for payments of self-employed retirement annuity premiums (subject to certain reasonably adequate limits).

My own view is that with careful planning the partnership still affords very many advantages to the professional man which he would be unwise to give up without very careful consideration of all the factors involved.

E. E. Ray.
Spicer and Pegler,
56-60, St Mary Axe, EC3

Interpretations of solidarity

From Mr J. Baker White

Sir,—In your columns on Saturday you reported that senior trade union leaders were urging all-out support for the health worker's strike, a "day of action" on September 22, designed to be something close to a one-day general strike. On the same day, last Friday, the same trade union leaders decided that the TUC would not give official support to a demonstration in London, one of others organised on an international scale, in support of the Polish Solidarity movement.

Any action in support of the health workers' strikes can only have the effect of increasing the present distress, discomfort and unhappiness of large numbers of the general public including trade unionists, their wives and families who are in hospital or awaiting treatment. Its effect on the Government is likely to be nil.

The failure to give even moral support to Solidarity, an organisation fighting with great courage and tenacity for the freedom of the individual, and for genuine free trade unions in a Communist state, is a decision that, as a trade unionist with some 50 years of membership, I find very difficult to understand. So, I anticipate, will quite a few members of the general public, more especially as the trade unions in France, Italy, Spain and elsewhere are giving their full support to the Solidarity "day of action."

John Baker White.
Street End Place, Street End, Canterbury, Kent.

A return to gold

From Mr R. Kitzinger

Sir,—Mr W. Shaw's argument against a return to the gold standard (August 25) is based on his belief that "there ain't enough gold in the whole world." Yet there is no other commodity of which there are sufficient stocks, in readily available form, to cover 20 years' consumption.

Any government that wants to run an inflation-free currency would be well advised to make it convertible into gold at a fixed parity. In fact, the gold link increases confidence, and thus allows more flexibility in managing currencies. Experience in the gold market over the last few years has given the world's central bankers a clear idea of the forces at which the public will buy and sell gold in quantity, and it should not be difficult to fix the right parity.

R. Kitzinger
31 Oakwood Court, W14

UK COMPANY NEWS

Continental Microwave tops profit forecast

Pre-tax profits of Continental Microwave (Holdings) in the year to June 30 1982 advanced to £331,413, compared with a forecast of not less than £300,000 made prior to the company's USM placing in April this year. Turnover grew from £2.1m to £2.68m. Profits for the corresponding period amounted to £173,974.

The directors are recommending a final net dividend of 1.75p, also in line with forecast. They intend to pay out £5.25p for 1982-1983, a level that would have been paid for the year under review had the group's shares been dealt in on the USM for a whole year.

Earnings per share of this holding company with interests in the production of telecommunications, broadcast and defence electronics equipment are stated at 33.37p (16.9p).

The board says that the current year is again expected to be one of good overall progress. However, the second half will be more profitable, due to the higher level of deliveries to customers.

The company is in "a very healthy position with strong cash resources and unutilised bank facilities," it says.

Further strong defence sector orders for satellite communications equipment, the television companies' continuing re-equipment programmes and the advent of Channel 4 are cited as the main factors contributing to the record order book, which is in excess of £6m.

● comment

The pricing of Continental Microwave's shares at its launch, last April, at 260p was obviously tempered by Falklands jitters. The shares have since bit 500p, springboarding into the glamour stock arena on the strength of the market's new fascination with defence electronics. With a large chunk—around a third—of its sales and profits already in this area, CM says that the South Atlantic conflict proved the merits of satellite communications "beyond our dreams." This has already translated into a firm order book for the current year and gives the company more manoeuvrability in its other areas of specialisation, such as broadcasting. Margins have improved in the last year from around 8 per cent to nearly 13 per cent thanks to overhead reductions. This year's move to Luton will cause a slight bulge in expenses, but the company is confident that there should be no erosion in margins for the full year. The low tax liability should continue until 1984, adding further fortification to the already debt-free balance sheet. The company warns that the 90 per cent pre-tax advance will not be matched in the current year. Even so, the historic, fully-taxed p/e of more than 32p on yesterday's price of 500p assumes a fair amount of excitement ahead.

Ladbroke marginally lower midterm

INCLUDING a £2.1m premium arising from the granting of an underlease for a former operating property, taxable profits of Ladbroke Group showed only a marginal fall from £13.7m to £13.4m for the first half of 1982.

In addition the directors report trading conditions, which were better than in the second half of last year, are maintaining their improvement and this should result in a satisfactory full year outcome.

There was little change in first-half earnings, at 7.4p (7.5p) per 10p share, and the net interim dividend is being raised from 3.605p to 3.7p. Last year a total 7.432p was paid from profits of £31.1m.

Turnover for the six months of the company which has interest in hotels, leisure establishments, property and retailing pushed ahead from £342.3m to £353.4m, while net interest costs declined to £3.5m. Tax this time took a reduced £2.7m (£4.3m) which, together with unchanged minorities of £0.2m and a pre-acquisition profit of £0.3m (nil), left the attributable balance higher at £10.6m (£9.1m). On a CCA basis, pre-tax profits are shown at £11.7m (£12.5m).

The directors report that there will again, in 1982, be considerable expansion, particularly in the non-betting sectors of the group. The second phase of Capitol Industrial Park together with the Savoy Hotel and Debenhams and Freebody office developments are now under construction.

The hotels, holidays and machine hire divisions are extending their operations, and new Laskys stores will be opening soon in London's Oxford Street, Reading, Brighton, Gloucester and Glasgow. Stores have in recent weeks been opened in Bromley, Peterborough and York.

The hotels division and the Laskys chain showed good improvement over the six months and are indicating further progress, the directors state. The retail betting division was not able to maintain the peak earnings achieved in the first six months of last year, although results were a substantial improvement on the second half of 1981.

Net operating costs of holiday operations in the first half, during which most of the centres are closed, totalled £1.6m.

Mr Cyril Stein, chairman, said later yesterday that business at Laskys is "holding up very well in the recession" with the video boom being joined by the new boom in home computers.

The company has spent £250,000 refurbishing the biggest Laskys in Tottenham Court Road and reopens there in two weeks. The Oxford Street store will be the next largest.

Laskys is expecting to have 50 stores by the end of this year and to add another 15 in 1983.

Holidays have benefited from a lot of late bookings. "We were sold out across the country in August," said Mr Stein. He expects to sell about the same number of holidays this year as last.

See Lex

Macfarlane tops £1m with 44% increase

BY BROADENING its range of activities and improving operating efficiency, Macfarlane Group (Clansman), the packaging and printing concern, overcame difficult trading conditions and pushed its pre-tax profits for the first half of 1982 ahead by 44 per cent from £0.73m to £1.05m.

Mr Norman Macfarlane, chairman, also says that, although business will undoubtedly continue to be difficult for the remainder of the year, the outlook for the company is encouraging.

Turnover for the six months improved from £13.26m to £15.63m, while with tax taking £547,000 (£380,000) earnings per 25p share showed a 1.27p increase at 4.16p. From these the net interim dividend is being lifted from 1.7p to 1.9p at a cost of £230,379 (£206,129) and, in addition, a one-for-four scrip issue is proposed. Last year's total dividend payment was 4p from profits of £1.76m (£1.22m) before tax.

Of the period under review, Mr Macfarlane says that reduced demand was still evident in the whisky trade but the group companies supplying this sector continued to trade profitably. Also its companies involved in electronics and computers again performed well.

Borrowings have been kept to a minimum and, at present, total some £1m, including the £275,000 cash paid to acquire Controlled Packaging Services in May. This purchase should make a useful contribution to the group in the future, Mr Macfarlane predicts.

● comment

Macfarlane's shares have enjoyed a re-rating recently. From 70p earlier in the year, they have been gaining steadily and yesterday took on 3p to hit a record 116p. How can this be happening to a company involved in printing, plastics and warehousing? The answer, in part, is that the company's turnover this year will be almost three times its level two years ago, while profits should not be much short of twice their 1980 level. A lot of this growth has been supplied by the Abbotts acquisition, but the 44 per cent increase in pre-tax profits at the interim stage is almost all organically-grown recovery. Net margins are still far from brilliant at around 6½ per cent, so the company still has some way to go. Nonetheless, plans are being laid for another Abbott-sized acquisition which should provide more fuel to the Macfarlane engine. A full-year result of somewhere around £2.2m puts the shares on a fully-taxed multiple of 13. This seems to adequately discount Macfarlane's improving prospects.

Dufay Bitumastic rises to £371,000 at halftime

IMPROVED pre-tax profits were produced by Dufay Bitumastic, manufacturer of surface coatings, from £181,000 to £371,000 for the six months to June 30 1982. Turnover rose by £1.38m to £7.16m.

The directors say the improvement was a direct result of the reorganisation which was completed during last year and gives some idea of the earnings potential of the company once the current recession begins to ease.

They believe the final results for the year should prove to be satisfactory and accordingly have raised the net interim dividend from 0.5p to 1p. They state that the company is in a sound financial position, leaner, fitter and well able to take full advantage of any upturn in the economy.

Earnings per 10p share for the first half are given as improving from 1p to 2.6p.

In the last full year a total dividend of 2p was paid when pre-tax losses totalled £226,000 (profits £40,000) on sales up from £10.72m to £12.08m. At the end of the year the directors said trading was in a healthy state with profits well ahead of the corresponding period.

For the period under review trading profits moved ahead from £382,000 to £567,000. Pre-tax profits were struck after depreciation of £132,000 (£124,000) and lower interest of £64,000 (£77,000).

Tax took £52,000 (£60,000). There was an extraordinary debit last time of £20,000.

On a current cost basis pre-tax profits stood at £120,000.

Nu-Swift back in the black at halfway stage

COMPARED WITH a small loss in the second half of last year, fire extinguisher manufacturer, Nu-Swift Industries, came back into the black with £285,000 at the pre-tax level for the first six months of 1982. This compares with £599,000 in the comparable period of 1981.

The result was after interest charges of £48,000 (£42,000) and reorganisation costs of £100,000 (nil).

Earnings per 5p share are well behind at 0.27p (1.64p), after tax of £231,000 (£270,000), but the interim dividend is maintained, as forecast, at 0.929p net—last year's final was 1.21p and taxable profits were £566,000.

Turnover for the first half went ahead from £6.46m to £6.74m and trading profits amounted to £433,000, against £641,000. These were split as to UK £503,000 (£609,000) and overseas losses £70,000 (£32,000 profits).

The improvement, directors state, was achieved, not from any upturn in the economy, but because of action taken to reduce costs to levels more appropriate to current levels of business. Through the company's own efforts in the home market a small uplift in volume was seen.

The UK service and maintenance division continues to advance at an encouraging rate. Steps taken to bring overseas subsidiaries to a satisfactory trading level are starting to show results, directors say.

Losses in Australia have been much reduced and Holland is budgeted to show a small profit in the second half of the year.

In October the company will introduce for sale in the home market further additions to the Harland range of extinguishers.

The board anticipates being able to commence, in the same month, test marketing in the UK of a Nu-Swift fire protection package for private homes.

● comment

Nu-Swift's service and maintenance division is again the group's star performer, but that is not an unmitigated joy. It illustrates the point that in a recession clients will look after their existing appliances more diligently, rather than go out and buy new ones. Nu-Swift recognised this and launched a new economy range of extinguishers towards the end of last year, but the full benefits will not be seen until approval is granted by a greater number of overseas regulatory authorities. Nu-Swift's recent record overseas has not been inspiring. Having burnt its fingers in the Spanish market in 1977-80, its next move was to buy out its Australian concessionaires, only to run into a thumping loss in New South Wales in 1981. Following reorganisation the Australian companies are expected to make a much reduced loss this year. The dividend, though far from covered, has been maintained as promised. The shares fell 4p on the day to 33p, 3p more than the Mossgray cash offer, and yield 8.2 per cent. Nu-Swift should be sending its response to the bid—which expires on September 10—to shareholders later this week.

Argyll and Allied profit performance on target

COMMENTING on the group's acquisition of Allied Suppliers, Mr James Gulliver, chairman of Argyll Foods, tells members in his annual review that the programme of integration is progressing well. He adds that the current profit performance, both within Argyll and Allied, is in line with planned expectations.

"In particular, the first quarter of the current financial year has seen an encouraging sales and profit performance from Allied Suppliers' Presto and Lipton operations and also from our own Lo-Cost limited range discount store operation," Mr Gulliver states.

Cordon Bleu, the freezer side, continues to make satisfactory progress, but food manufacturing has, however, made a slow start to the year in difficult trading conditions, "but I am confident of its prospects for the remainder of the year," the chairman says.

Mr Gulliver goes on to explain that now the company is largely a food retailing business, it is planned that the retailing activities will be developed and expanded within four important sectors — Presto Food Markets, Liptons, Cordon Bleu, and the Lo-Cost discount operations. These together account for some 90 per cent of the enlarged group's turnover.

As known, for the 12 months ended March 27 1982, group turnover amounted to £229.76m and pre-tax profits were £7.1m. These are compared with £102.03m and £1.6m respectively for the previous 15 months. The dividend was stepped up from 2p net to 3.25p per share.

Mr Gulliver points out that since the year end the company's retail activities have been "wholly transformed" by the £101m acquisition, from General Occidental, of Allied Suppliers with its annual turnover of £547m and pre-tax profits of over £15m.

Group balance sheet shows total fixed assets at £25.65m (£20.35m), net current liabilities £5.12m (£2m), and shareholders' funds £21.88m (£18.08m)—shareholders' funds of Allied, as at April 3 1982 were £66.72m.

Meeting, Savoy Hotel, WC, September 22 at noon.

Milbury falls to £1m but holds payout

Pre-tax profits of housing development group Milbury declined from £1.22m to £1.01m for the year to March 31 1982 despite an improvement in turnover to £16.13m, compared with £10.89m.

Stated earnings per 25p share came through lower at 18.64p (21.15p) but the net total dividend is held at 4.9p by a final of 2.45p.

There was an exceptional debit of £379,000 (nil) but a tax credit added £420,000 (£22,000 debit).

The exceptional item arose from a revaluation of the ground rents from 7.5 years purchase of the annual income to 4.25 years purchase. Milbury's ultimate holding company is Bathgate of Bermuda.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Babcock International, Derek Crouch, I. J. Dewhirst, Guardian Royal Exchange, Marchwiel, Parembe, Phoenix Assurance, Rea Brothers, Sun Alliance and London Insurance, H. Woodward.

Finals—Diploma, Haslemere, Parkfield Foundries, Zambia Consolidated Copper Mines.

FUTURE DATES

Interims:—	
Brixton Estate	Sept 21
Inchcape	Oct 28
Invergordon Distillers	Sept 8
Metal Closures	Sept 6
Petrocon	Sept 9
Provident Financial	Sept 7
Shama Ware	Sept 9
Finals:—	
Heath (Samuel)	Sept 6
Nolton	Sept 3
Northern Ind. Improvment Tst.	Sept 2

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Armitage & Rhodes	2	—	2.5	3	3
Barget int.	Nil§	—	1	—	1
Cowan de Groot	1	Oct 15	2.5	2	3.5
Dufay Bitumastic int.	1	Nov 15	0.5	—	2
Elys (Wimbledon) int.	1	—	1	—	5.85
Ladbroke int.	3.7	—	3.61	—	7.43
Lambert Howarth int.	1.5	Oct 4	1.15	—	4.75
Macfarlane Group int.	1.9	Oct 12	1.7	—	4
Milbury	2.45	—	2.8	4.9	4.9
Nu-Swift Inds. int.	0.93	—	0.93	—	2.14
Thomas Robinson int.	Nil	—	0.5	—	2.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Board unable to announce interim under Companies Act 1980 but *confident final will be payable.*

Alcan UK losses reach £13.2m in six months

LOSSES suffered by the aluminium industry continue to mount up. Yesterday Alcan Aluminium (UK) reported an interim loss of £13.2m during the first half of this year. This compared with losses of £9.5m in the first half of 1981 and £25.7m for the whole of last year.

Sales by the company—a wholly owned subsidiary of Alcan Aluminium of Canada—rose slightly to £156m. But profits were hit by falling prices, especially for semi-manufactured products.

The company claims that the downward slide in sales appears to have bottomed out. But prices remain very depressed at unprofitable levels, and factories are working at well below capacity.

Little improvement is seen until the market recovers sufficiently to boost prices and sales. Britain and Spain are reported to be the worst hit markets in Europe and there is some concern whether the cutback in UK industrial activity will result in a permanent reduction in demand for aluminium.

Alcan says the closure of British Aluminium's Invergordon smelter will make little difference, since in the loss of 100,000 tonnes capacity out of world production of some 12m tonnes is insignificant. Meanwhile Alcan on Friday announced the closure of its Skelmersdale factory in Lancashire with the loss of 190 jobs.

Pre-tax figure for the six months was after interest of £3.9m, compared with £7.1m and depreciation amounting to £5.5m (£5.4m). Tax charge was £0.7m, against £0.5m leaving an attributable loss of £13.9m (£10m).

On a current cost basis the attributable figure is increased to £21.5m (£17m).

Cowan de Groot second-half loss

THE CONTINUING decline experienced by Cowan de Groot in the first six months gathered pace through the second half and resulted in the group returning sharply lower pre-tax profits of £135,000 for the full year to April 30, 1982, compared with £827,000 previously.

The group plunged £286,000 into the red in the second half, a reversal of £369,000 on the £83,000 surplus achieved in the corresponding period a year earlier, but the directors anticipate a better result for the current year despite a continuation of difficult trading conditions.

They say measures taken with loss-making companies together with cheaper borrowings should contribute to the improved performance.

Meanwhile, the dividend for 1981/82 is being cut by 1.5p to 2p net per 10p share—loss per share is given as 1.9p, against earnings of 5.7p, before extraordinary items.

Turnover declined from £41.96m to £40.95m. The group has interests in toys and giftware, electrical wholesaling and machinery for the manufacture of plastic products.

The taxable loss included a deficit of £255,000 (£121,000 profit) by certain electrical companies now sold.

Tax took £243,000, compared with a credit of £73,000, leaving the net loss at £108,000 (£1m profit). From this extraordinary debits took £591,000 (£42,000) and exchange adjustments £22,800 (£22,000). The attributable loss emerged at £721,000 (£886,000 surplus). Of the extraordinary items £565,000 related to an adjustment of certain assets under the sale agreement of the electrical companies.

The directors who describe the results as disappointing, explain that it was due to the current economic worldwide recession. Like many of its competitors the group found it difficult to increase sales and in many cases its subsidiaries were unable to maintain last year's turnover. This, coupled with increases in overheads and severe competition, had its effect on margins, they say.

In the toy and giftware division, overproduction in the toy industry created a large volume of surplus stocks and forced some competitors to offer goods at uneconomic prices. The weakness of sterling against the Hong Kong and U.S. dollars, the group's two main trading currencies, eroded margins. Steps are being taken to add further "interesting and profitable" products for 1983.

D. Dekker continued its excellent progress and produced record profits in spite of difficult trading conditions.

Although Codeg Security Systems was budgeted to make a small profit during the year, manufacturing problems in its original premises proved greater than anticipated, and it was necessary to relocate the company in severely premises. This move had its effect on production but a profit contribution in the current year is anticipated.

A downturn in sales at the Russian shop coupled with difficulties in obtaining supplies of its popular merchandise led to further losses during the year.

EWL Electric, the group's Irish wholesale electrical subsidiary, experienced a turnround from a loss of some £25,000 to almost break even.

● comment

But for the surprise offer for its much troubled electrical wholesaling activities, Cowan de Groot would have been very short of any optimism for the current year. The unsolicited approach from the U.S. parent of Edmundson produced an offer the management could not refuse in a severely depressed and competitive sector, even though it meant absorbing hefty stock write-downs on the unwanted consumer electrical side. The effective price of some £11m and elimination of around £1m of associated borrowings left group debt sharply down on the 55 per cent of equity seen a year earlier. The balance-sheet is now strong enough for the company to seek acquisitions in the £2m bracket. The plastics machinery business, where losses were £360,000, remains a headache and the market outlook here points to major surgery before the year is out. There will be benefits in the current period from the easing of interest rates, particularly in Ireland, but recovery will depend on timely action over machinery losses and continued good performance by the traditional toy side against the market trend. The underlying optimism reflected in the uncovered dividend yesterday helped lift shares 2p to 22p but this still left them at half the level of 12 months ago and at about a third of net asset value. The yield is 13.6 per cent.

Thos. Robinson midway losses reach £498,000

INCREASED half-time losses have been produced by Thomas Robinson and Son, engineer and machine maker, from £208,000 to £498,000 for the period to June 30, 1982. The interim dividend has been passed—last time there was a 0.5p payment.

The directors say that there are encouraging signs as regards long term orders with prospects in some areas looking brighter than for some months. However, orders in hand are at their lowest for some time. This will necessitate further reductions in manning levels and short-time working at some locations.

Turnover for the six months moved ahead from £3.69m to £4.4m which the directors say is due to deliveries made against large contracts, for which no contribution to profits will be taken until the plants are in operation.

At the trading level losses rose from £304,000 to £507,000 after all charges including depreciation. Interest paid this time came to £17,000 while interest received fell from £96,000 to £26,000.

The figures include the Australian subsidiary for the six months to December 31, 1981, but exclude those of Robinson Rexnord and Thomas Robinson (Far East) Sdn.

On a CCA basis pre-tax losses stood at £855,000.

Yearlings up

The interest rate for this week's issue of local authority bonds is 10⅝ per cent, up a quarter of a percentage point from last week and compares with 14⅝ per cent a year ago. The bonds are issued at par and are redeemable on September 7 1983.

A full list of issues will be published in tomorrow's edition.

Lambert Howarth upsurge

ALTHOUGH TURNOVER slipped from £6.63m to £6.46m, taxable profits of footwear manufacturer Lambert Howarth Group surged to £251,089 for the 25 weeks ended June 26 1982, compared with £44,286 last time.

Higher productivity, and lower interest costs — down from £66,070 to £39,352 — resulted in the improved profits, directors say. They add that the footwear industry continues to remain highly competitive and there are as yet few signs of improvement at the retail level.

The interim dividend, however, is increased to 1.5p (1.15p) net per 20p share — last year's final payment was 3.6p and pre-tax profits were £627,110.

Pre-tax figure for the first half was after depreciation little changed at £138,225, against £138,084, and the interest charge. Tax took £99,000 (nil) leaving an attributable balance well ahead at £116,089 (£44,286).

THE TRING HALL USM INDEX
127.1 (−0.4)
Close of business 31/8/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
570-575 (+2)

LONDON TRADED OPTIONS

August 31 Total Contracts 1,473 Calls 1153 Puts 320

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	260	38	11	50	4	66	—	294p
BP (c)	280	22	17	34	1	42	—	"
BP (c)	300	11	114	22	6	30	—	"
BP (c)	330	4	8	9	4	—	—	"
BP (p)	330	48	—	50	4	—	—	"
CU (c)	120	17	5	22	—	—	—	132p
CU (c)	140	4	3	11	—	14	6	"
CU (p)	130	6	34	8	—	11	5	"
Cons. Gld (c)	460	22	6	32	—	42	—	444p
Cons. Gld (c)	500	8	18	20	—	27	—	"
Cons. Gld (p)	390	7	—	18	—	27	1	"
Cons. Gld (p)	420	18	4	30	—	37	2	"
Cons. Gld (p)	460	37	20	49	—	57	—	"
Ctlds. (c)	70	9	—	11	—	14	3	76p
Ctlds. (c)	80	4	—	6	17	7	—	"
Ctlds. (c)	90	1½	—	3	4	5	—	"
Ctlds. (p)	70	2½	10	4	1	5	—	"
Ctlds. (p)	80	10	—	11	10	13	—	"
Ctlds. (p)	90	18	—	20	—	21	4	"
GEC (c)	1000	88	10	125	—	143	—	£10⅝
GEC (p)	1100	27	15	66	10	75	—	"
GEC (p)	1000	16	4	27	—	28	—	"
GEC (p)	1100	62	2	70	—	75	—	"
Gr'd Met. (c)	240	35	51	40	—	44	—	271p
Gr'd Met. (c)	260	18	2	25	4	29	—	"
Gr'd Met. (c)	280	9	4	17	—	21	—	"
Gr'd Met. (p)	240	3	—	5	6	7	—	"
Gr'd Met. (p)	260	6	6	11	—	13	—	"
Gr'd Met. (p)	280	19	1	21	—	24	—	"
ICI (c)	300	4	27	11	10	16	—	276p
Land Sec. (c)	300	8	1	15	—	23	—	285p
Land Sec. (p)	280	11	5	15	—	18	—	"
Mks & Sp. (c)	160	13	4	21	4	24	1	170p
Mks & Sp. (c)	180	5	20	8½	2	13	—	"
Mks & Sp. (p)	160	3	—	5¼	10	6½	3	"
Mks & Sp. (p)	180	16	1	17	—	18	4	"
Shell (c)	390	24	8	34	4	42	—	404p
Shell (c)	420	10	21	22	3	30	—	"
		November		February		May		
Barclays (c)	360	20	21	28	—	37	—	356p
Barclays (c)	385	10	6	—	—	—	—	"
Barclays (p)	360	18	1	23	10	35	—	"
Barclays (p)	390	40	1	45	—	55	2	"
Imperial (c)	100	3	16	5½	18	8½	—	95p
Lasmo (c)	260	102	1	—	—	—	—	359p
Lasmo (c)	330	45	1	60	—	75	1	"
Lasmo (c)	360	22	23	42	2	55	—	"
Lasmo (p)	330	10	10	22	—	35	1	"
Lasmo (p)	360	22	16	34	—	48	—	"
Lonrho (c)	70	25	—	28	2	—	—	92p
Lonrho (c)	80	16	14	19	1	23	—	"
Lonrho (c)	90	9½	372	13	23	16	8	"
Lonrho (c)	100	3½	103	6½	36	9	—	"
Lonrho (p)	100	9	50	11	—	12	—	"
Lonrho (p)	80	1½	25	4	—	4	6	"
Lonrho (p)	90	5	35	6	—	7	—	"
P & O (c)	130	18	1	21	—	26	—	142p
P & O (c)	140	12	10	14	—	19	—	"
P & O (c)	160	4	2	6	—	10	—	"
Racal (c)	460	77	1	85	—	105	—	525p
Racal (c)	500	42	5	63	—	75	—	"
Racal (c)	550	17	2	30	—	47	—	"
Racal (p)	390	1	—	3	3	—	—	"
Racal (p)	500	14	—	22	2	30	—	"
Racal (p)	550	35	—	40	2	48	—	"
RTZ (c)	360	90	1	97	4	—	—	439p
RTZ (c)	420	37	2	50	3	57	—	"
RTZ (c)	460	14	16	25	—	32	—	"
RTZ (p)	360	2½	—	5	2	—	—	"
RTZ (p)	420	20	17	30	—	37	—	"
…al Rfs. (c)	50	15	2	16½	—	17¼	—	$62
…al Rfs. (c)	55	11	13	12½	—	14	—	"
…al R.fs. (c)	60	7	10	8½	—	10	1	"
…s. (p)	55	3	2	5	—	6	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C $300	5	122	—	—	—	—	$412.50
GOLD C $325	6	94	—	—	—	—	"
GOLD C $350	4	76	—	—	5	95	"
GOLD C $375	8	56	—	—	5	81	"
GOLD C $400	106	33	61	52	—	—	"
GOLD C $425	79	22	1	43	61	52	"
GOLD P $300	1000	1.50	—	—	—	—	"
GOLD P $325	120	4	—	—	—	—	"
GOLD P $350	20	6.50	—	—	—	—	"
GOLD P $375	77	13	—	—	—	—	"
GOLD P $400	15	21	4	27	—	—	"
GOLD P $425	8	34	—	—	4	43 A	"
12½ NL 81 97-91							
C F.112,50	50	2	—	—	—	—	F.114.10
P F.115	50	2.90	—	—	—	—	"
10¼ NL 80 86-95							
P F.100	—	—	300	0.60	—	—	F.104.50
11¼ NL 82 86-92							
C F.105	25	1.10	—	—	—	—	F.104.60
C F.107,50	2	0.20	—	—	—	—	"
10 NL 82 86-89							
C F.97,50	—	—	250	3.50	—	—	F.100.50
C F.102,50	3	0.50	—	—	—	—	"
10¼ NL 82 86-89							
C F.100	10	2	—	—	—	—	F.101.60
C F.102,50	40	0.80	—	—	—	—	"
	Oct.		Jan.		April		
ABN P F.340	10	12	3	8	—	—	F.329
ABN P F.360	10	21.60	—	—	—	—	"
AKZO C F.22.50	20	2.80	—	—	—	—	F.24.90
AKZO C F.25	20	0.80	8	1.70	52	2.50	"
AKZO C F.27.50	—	—	—	—	3	1.20	"
AKZO P F.25	10	0.80	—	—	—	—	"
AMRO C F.35	—	—	—	—	22	2.50	F.36.20
AMRO P F.40	[illegible]	[illegible]	—	—	—	—	"
HOOG C F.15	—	—	10	3.50	—	—	F.16.50
HEIN C F.55	10	11	—	—	—	—	F.60.10
HEIN C F.60	10	3.40	—	—	37	6.50	"
HEIN C F.65	10	[illegible]	—	—	—	—	"
HEIN C F.70	[illegible]	[illegible]	7	2	—	—	"
HEIN P F.60	4	0.80	6	[illegible]	—	—	"
HEIN P F.65	—	—	10	2.30	—	—	"
HEIN P F.70	17	8	—	—	—	—	"
HOOG C F.15	—	—	—	—	6	1.70	F.16.50
KLM C F.80	6	11.20 B	—	—	—	—	F.90.80
KLM C F.90	13	4.50	11	6.70	—	—	"
KLM C F.100	63	1.20	31	3.50 B	—	—	"
KLM P F.90	31	0.80	—	—	—	—	"
KLM P F.100	46	5.50	9	5.50	—	—	"
NEDL C F.100	70	3.30 B	—	—	11	7.50	F.94.50
NEDL C F.110	—	—	—	3 B	—	—	"
NEDL C F.120	10	4 A	15	5.50 A	4	6.50	"
NEDL P F.110	26	11.60	6	12	6	6	"
NATN C F.110	—	—	—	—	5	3.80	F.115.80
NATN C F.120	—	—	20	0.70	—	—	"
NATN P F.110	—	—	10	2.30	—	—	"
PETR C Fr.4000	—	—	—	—	—	—	Fr.4760
PHIL C F.22.50	10	2.60	10	3	—	—	F.24.70
PHIL C F.25	222	0.70	336	1.30	84	1.70	"
PHIL C F.27.50	—	—	70	0.50	—	—	"
PHIL P F.25	—	—	10	3	—	—	"
PHIL P F.27.50	—	—	—	—	—	—	"
RD C F.80	10	7.70	10	3	—	—	F.87.50
RD C F.85	127	1.40	20	4	—	—	"
RD C F.90	3	0.30	20	2.60 B	16	3.90	"
RD P F.80	—	—	15	0.80	—	—	"
RD P F.90	10	6.50 B	35	1.20	—	—	"
UNIL C F.150	10	6.60 B	39	6.80 B	—	—	F.168
UNIL C F.160	2	[illegible]	3	2.90	—	—	"
UNIL P F.160	12	3	5	5	—	—	"
UNIL P F.170	5	4.30	5	3.10	—	—	"
	Nov.		Feb.		May		
BOEI C $25	—	—	20	1½	—	—	$23⅜
BOEI C $30	5	½	20	1	—	—	"
MANN C DM.130	—	—	11.50	—	—	—	DM.132
SIEM C DM.220	—	—	12.50	—	—	—	DM.224

TOTAL VOLUME IN CONTRACTS 4,092

A=Asked B=Bid C=Call P=Put

BIDS AND DEALS

Pioneer raises Mixconcrete bid

BY CHARLES BATCHELOR

Pioneer Concrete (Holdings), the Australian-owned group, yesterday increased the value of its bid for Mixconcrete (Holdings) by £2.3m to £16.7m.

At the same time Pioneer announced it had agreed to buy 1.407m Mixconcrete shares from the founding Mackaness family at 180p per share, taking its holding to 1.512m or 16.3 per cent of the equity.

The City Code on Take-overs and Mergers required Pioneer to increase the value of its bid, to 180p from the 155p first offered on July 15.

The increased bid has now been accepted by Mr John Mackaness, founder and president of Mixconcrete, and by Mr James Mackaness, in respect of the 1.047m shares held by Central Market (Pershore) Holdings, of which he is chairman, though not in respect of his own much smaller personal holding, Hambros Bank, adviser to Pioneer, said.

"We felt that it is what it is worth although we have not heard the board's view," Hambros said.

The directors of Mixconcrete earlier rejected Pioneer's original offer in respect of their own 242,916 shares, equal to 2.6 per cent of the equity.

Mixconcrete said the 155p offer was inadequate in the light of a revaluation of its aggregate reserves being carried out and in view of Pioneer's £3.7m loss on its UK operations in the year ended in June, 1981.

Mixconcrete's shares rose 12p yesterday to 182p.

Lifeguard gets approach

Lifeguard Assurance yesterday revealed that it had received an approach which may lead to an offer for its shares.

As it made its announcement the group requested a temporary halt in dealings under rule 163(2). A further announcement is to be made as soon as possible.

Lifeguard has recovered fully from its troubled period in 1975 when it ran into financial difficulties. In November 1975 it ceased writing new life business and reduced the level of non-guaranteed surrender values on life policies. It received a cash injection of £1.5m from its shareholders, mainly Lloyd's insurance brokers to enable it to remain solvent and operate as a closed life fund.

SHARE STAKES

Fleming American Investment: Kuwait Investment Office has sold 400,000 ordinary. It is now interested in 690,000 ordinary (4.18 per cent).

The Berry Trust: The Kuwait Investment Office have notified that they have reduced their holding to 1.3m shares (8.26 per cent).

St Andrew Trust: The J. Sainsbury Pension and Death Benefit scheme has purchased a further 70,000 ordinary shares increasing holding to 710,000 shares (6.20 per cent).

Chemring: Ian McLeod Fairfield, a director, has disposed of a total of 60,000 ordinary shares reducing holding to 63,800 shares (3.04 per cent).

G. B. Papers: Drayton Consolidated Trust has increased its holding to 936,000 (12.53 per cent).

Thurgar Bardex: Sharna Ware has acquired 719,000 ordinary shares (5,447 per cent.).

Tyzack Sons and Turner—Epicure Holdings now holds 132,500 ordinary shares (7.4 per cent).

Bridon — The Securities Management Trust has advised that the Government of Kuwait, Ministry of Finance, Kuwait Investment Office now holds an interest in 2.69m ordinary shares designated securities management trust "AA" account (4.95 per cent).

Securities Trust of Scotland—As a result of recent purchases, Prudential Corp is interested in 2,411,000 ordinary (6.02 per cent).

Belhaven Brewery—Following the purchase of 700,000 ordinary and 50,000 ordinary, the holding of Berkley has increased to 1,925,200 ordinary (8.85 per cent).

Eva Industries — Co-operative Insurance Society are now interested in 570,000 ordinary shares (6.09 per cent).

Grand Metropolitan—Mr A. J. G. Sheppard, director, has sold 44,000 ordinary shares.

London and Scottish Marine Oil Co—Mr R. E. Fox, a director, has sold 40,000 ordinary shares.

Polymark International — National Coal Board Superannuation Scheme holds 281,148 "A" ordinary shares. Mine Workers Pension Scheme holds 281,148 "A" ordinary shares.

MINING NEWS

CRA first half loss of A$33m

BY KENNETH MARSTON, MINING EDITOR

FIRST-HALF results of the Rio Tinto-Zinc group's 57.2 per cent-owned Australian CRA group show a larger than expected loss of A$33.1m (£18.4m) compared with a net profit of A$16.1m in the same period of 1981 when the second half brought a loss of A$3.57m.

For the first time, CRA is not declaring an interim dividend. But it expects to pay a small final dividend for the year if conditions do not deteriorate further. For 1981 there was an interim of 2.5 cents and a final also of 2.5 cents.

The latest half-year loss, which equals 7.6 cents per share, is before crediting gains of A$3.87m arising from the sale of part of the stake in Blair Athol Coal. Included are additional depreciation charges of A$12.4m in respect of asset revaluations.

	Six months ended 30.6.82 $000	30.6.81 $000
Sales	902,701	852,382
Earnings of CRA and subs before deprec, royalties and tax	110,062	173,068
Depreciation	116,562	96,285
Gov royalties	20,676	20,072
Current and future income tax	15,514	39,778
Minority holders' prop of earnings of subs companies	3,813	11,404
Net equity in earnings of assoc.	5,982	10,540
Loss (profit) before extraord items	3,872	(16,069)
Extraord items	3,872	—
Consolidated net loss (profit)	(29,223)	(16,069)

Only the big Hamersley iron ore operation and the small Mary Kathleen uranium producer did better in the latest half year. All the group's other subsidiaries and the associated Comalco aluminium arm either made losses or earned substantially less than in the same period of last year.

In addition to low prices and weak markets for nearly all metals, CRA also suffered exchange losses on borrowings while costs rose. The company points out that with major economies in recession demand for metals remains very weak. It adds that the key to recovery lies in the U.S. economy.

CRA comments that Australia's *competitive position continues to* erode, pointing out that while inflation and wage settlements are falling to low levels in most major countries Australian inflation remains stubbornly high in the 10 per cent-11 per cent range and wage settlements "are quite unrealistic."

On the other hand, significant policy changes announced by the Australian Government "will have a favourable effect on the long run competitive positions of Australian industries." Also helpful have been major devaluations of the Australian dollar, initially against the U.S. dollar but more recently against other major currencies.

"Despite the reported loss, the group is strongly placed to take advantage of the next upturn in world demand."

In London yesterday, CRA shares eased 3p to 202p while those of RTZ fell 5p to 438p.

Peko omits final

DESPITE AN A$11.1m (£6.2m) profits contribution from Energy Resources of Australia, results of Peko-Wallsend have slipped badly in the year to June 30. There is a A$13.2m loss against a A$3.9m profit previously, reports Michael Thompson-Noel from Sydney. The final dividend is being omitted for the first time in a decade.

The result masks serious underlying losses in the group's metals business. Before taking account of ERA's contribution from the Ranger uranium mine, Peko's pre-tax loss was A$28.1m, against a metals loss of A$7.7m the year before.

An extraordinary loss of A$56m—mainly incurred in the first half, and largely reflecting write-offs in connection with the closure of the Tennant Creek copper smelter project—was only partially offset by second-half asset sales, which brought in almost A$23m.

Following the worse than expected results, shares of Peko dropped 20p to 282p in London yesterday.

* * *

Earnings of Australia's Metals Exploration fell to A$489,000 (£272,000) in the year to June 30 from A$1.86m in the previous 12 months. On the latest occasion, however, there was also a gain of A$6.9m from the sale of the 20 per cent stake in the Big Bell gold deposit.

Mining profits were hit by lower nickel prices and increased costs at the Nepan mine. Losses continued at the 50 per cent-owned Greenvale nickel mine in Queensland and amounted to A$14m for the year against A$8.9m previously.

COMPANY NEWS

Geo. Armitage ahead after six months

Taxable profits of brick maker George Armitage & Sons advanced from £28,000 to £35,000 for the half year ended June 30 1982 on higher turnover of £4.78m, compared with £4.12m.

Mr Geoffrey Armitage, the chairman, says any substantial upturn in construction activity is unlikely until interest rates reach single figures. He adds, however, that he is looking forward to an improved second half and that he expects a modest profit for 1982 as a whole—the group plunged £161,000 into the red in the second half of the previous year and finished the full year with pre-tax losses of £133,000.

First half trading profits emerged at £213,000 (£158,000) but these were subject to interest charges £48,000 higher at £178,000.

Tax took £18,000 (nil). Extraordinary items added £11,000 (£974,000) and after same-again preference dividend payments of £33,000 there was an attributable loss for ordinary shareholders of £5,000 (£969,000 surplus).

The net interim dividend is being held at £2.5p per share—the group's issued equity capital is not listed.

The chairman comments that stock increases, which occurred during the severe weather in January, were released by the end of March. Since then stocks have been steadily reduced at the rate of one week per month.

SYLTONE

Tomorrow's annual meeting of Syltone will commence at noon, not at the time indicated yesterday in the Week's Financial Diary.

Armitage & Rhodes slumps in second half

Failing to maintain the progress made at midway, when a turnround from a loss of £42,000 to a profit of £87,500 was reported, pre-tax profits of Armitage and Rhodes fell from £277,000 to £267,000 for the year to March 31, 1982 after slumping from £319,000 to £179,500 in the second six months.

Earnings per 10p share for the 12 months declined from 12p to 8.9p and, with a reduced final of 2p (2.5p), the dividend total is being held at 3p net.

Turnover fell from £6.97m to £6.13m. The export content of this climbed from 33 to 41 per cent and in the first quarter of the current year it was up to 45 per cent.

Tax for the 12 months took £45,000 against a £22,000 credit and net profits were down from £299,000 to £222,000.

Mr Michael J. Burrows, chairman, says that the financial position of the company, which manufactures textiles and furnishing fabrics, remains strong. Liquidity has not only been preserved but has improved during the year.

Short-term business prospects, he states, are uncertain but clearly difficult, while long-term he is confident of the company's continued progress and profitability.

Shares in the company are dealt on the over-the-counter market made by M. J. H. Nightingale.

Barget jumps to £360,000

Furniture manufacturer and international trader Barget increased taxable profits from £106,000 to £360,000 in the first half of 1982, on sales ahead by £226,000 at £4.31m.

Earnings per 25p share are given higher at 14p (2.56p), but the directors are unable to pay an interim dividend under the 1980 Companies Act. Last year an interim of 1p net was paid, while the final was missed for the same reason. The directors are confident that if the "present encouraging trends" continue they will be able to pay a final at the year-end.

There is no tax charge (£28,000) and minorities took £4,000 (£2,000). Last time there was also an extraordinary debit of £16,000.

In the last full year, this company which is 61 per cent owned by Timnox, made pre-tax profits of £306,000 on turnover of £7.52m.

THE NEW THROGMORTON TRUST P.L.C.

Capital Loan Stock Valuation—31 August 1982

The Net Asset Value of £1 of Capital Loan Stock is 308.81p calculated on Formula 1. Securities valued at middle market prices.

COMMODITIES AND AGRICULTURE

U.S. plea on meat exports

THE UNITED STATES has asked several large meat producing countries—particularly Australia, Canada and New Zealand—to limit exports of meat to the U.S. to avoid the imposition of mandatory quotas.

Mr William Brock, U.S. Trade Representative, made the appeal following a surge of beef imports from Australia which threaten to trigger new quotas automatically. Response so far from the meat producers has been lukewarm.

The Australian export increase stems from the widespread drought which has forced large scale slaughterings. Australia argues that the U.S. is the only market open to it, because Japan and the EEC bar imports to protect their domestic markets.

● THE AGRICULTURAL Mortgage Corporation has reduced interest rates for all new loans. Variable rate loans fall to 12.25 per cent from 13.3 per cent, while fixed rate loans are reduced to 13.5 per cent from 16 per cent.

● WORLD demand for fertilizers is expected to nearly double by 1995 to 200m tonnes up from 110m tonnes in 1980 according to a U.S.-based analyst. Agricultural expansion and exploitation in developing countries is expected to result in an annual growth of demand of over 4 per cent through the mid-1990s.

● WEST GERMAN grain crop this year is estimated at a provisional 24.47m tonnes compared with 22.83m tonnes in 1981, according to Mr Josef Ertl, agricultural minister in Bonn.

● VERINGTE ALUMINIUM WERKE (VAW) is cutting crude aluminium output at its Innwerk plant by 33,000 tonnes, due to continued weakness on the aluminium market.

● THAILAND rice production in the 1982-83 growing season will probably drop by at least 8 per cent because of widespread drought, according to U.S. embassy officials in Bangkok.

● INDIA'S Agricultural Prices Commission has recommended a buying price of Rupees 122 a quintal for paddy during the 1982-83 season, a rise of Rs 7 in an attempt to build up government stocks at a time when output is expected to be hit by bad weather.

Delayed start for U.S. options trade approved

BY NANCY DUNNE IN WASHINGTON

THE Commodity Futures Trading Commission yesterday gave approval to four proposals to trade commodities options based on futures contracts—the first to get the go-ahead under a special three-year trial programme.

While endorsing the new contracts, the CFTC also accepted a staff proposal to delay the start of the programme until October 1. The delay is a blow to the Chicago Board of Trade which had hoped to be the first to trade in what it hopes will be a lucrative new instrument and had originally planned to open its options pit for business this week.

Objections to the CFTC by some of the big brokerage firms, which claimed they needed more time to prepare for the programme, led to the recommendation for delay. It is expected that along with the Board of Trade, which has an option proposal based on its popular Treasury bond contract, two other exchanges will begin trading options on October 1: The coffee sugar and cocoa with sugar options and the New York Commodity Exchange (Comex) with gold options.

The mid-American exchange received approval for its proposal to trade a gold futures option, but it has not yet set a start-up date. Exchange officials intend to concentrate their resources on mid-American new refined sugar contract before starting options.

The options programme has been eagerly awaited within the U.S. futures industry. It was mandated several years ago by Congress. But the question of regulatory jurisdiction and doubts that the programme can be kept free of fraud have delayed the start of options trading on the exchanges.

Commissioner James Stone, former CFTC chairman, has expressed many doubts about consumer protection provisions of the programme. While the other four commissioners voted for the contract proposals on Tuesday, Mr Stone voted "present."

The buyer of a commodities options gains the right to buy or sell a specific futures contract at a stated price within a certain period of time. A call option gives the purchaser the right to buy the futures contract, while a put option gives him the right to sell.

Under the programme, each exchange is allowed to offer one options contract for which it must have an underlying futures contract. Other contracts pending for commission approval include options on: heating oil futures on the New York Mercantile Exchange; Standard and Poor's 500 stock index futures for the Chicago Mercantile Exchange; Stock Exchange composite stock index futures for the New York futures exchange; and value line stock index futures for Kansas City board of trade.

Thailand sugar mills revolt

BY JONATHAN SHARP IN BANGKOK

THE DISGRUNTLED owners of 11 Thai sugar mills with a capacity of 70,000 tonnes of sugar cane per day have put their businesses up for sale in protest against government export policies.

The owners, who between them control about one quarter of Thailand's sugar-processing capacity, are disgusted at a complex government scheme involving a five-year agreement for Thailand to sell in advance 600,000 tonnes of sugar per year.

The arrangements involve local mill owners obtaining advance payments from foreign buyers, with the money being used to subsidise the purchase of sugar cane from farmers.

The aim is to encourage farmers to continue planting the crop with the assurance that they will earn reasonable prices.

But the mill owners say the scheme is too risky, depending as it does on an improvement in world sugar prices in the next few years.

The owners objected to shouldering the burden of the advance payments at a time when, according to their joint statement, "there is no guarantee that world sugar prices will go up."

The statement forecast that the sugar industry would remain in a slump for the next two years at least.

The owners insisted they were not bluffing in trying to sell their companies.

Sugar market falls

BY OUR COMMODITIES STAFF

WORLD sugar prices fell on the London futures market yesterday on currency factors, a poor overnight showing in New York and the forecast by brokers E. D. and F. Man that 1982-83's total sugar output would be 97.46m tonnes.

During the morning the London daily price for raw sugar was set at £90 per tonne, £2 down on Friday's level and a new low for the last three years.

In Bonn Mr Josef Ertl, West Germany's Agriculture Minister, told a Press conference yesterday that Germany's 1982 sugar crop was expected to be 10 to 15 per cent down on last year's 24.35m tonnes. There had been a 6.5 per cent fall in the area sown to sugar beet, he said.

Although beet test results had indicated high root weights and relatively high sugar contents, the low leaf weight is expected to lead to only average yields, said the minister.

London tin price advance

By John Edwards, Commodities Editor

TIN PRICES rose again when the London Metal Exchange reopened yesterday after the August Bank Holiday. Cash tin closed £100 up at £7,565 a tonne, following further buying, believed to be on behalf of the buffer stock, of the International Tin Council, as well as some consumer and speculative support.

Although the Straits tin price in Malaysia remained unchanged over the holiday weekend, the uptrend in London was encouraged by a sharp fall last week in the LME warehouse tin stocks, down by 335 tonnes to a total of 38,455 tonnes. The cash price premium over the three months quotation widened yesterday to £130, reflecting the control over immediately available supplies now exercised by the buffer stock.

Other base metals were subdued. Higher grade cash copper closed £15 down at £832 a tonne after falling even lower at one stage, following a decline in New York on Monday. Warehouse stocks of copper rose by 575 to 144,125 tonnes.

Aluminium stocks jumped by 3,375 to 219,450 tonnes and nickel holdings rose by 66 to 1,368 tonnes. Lead stocks fell by 350 to 117,950 tonnes and zinc by 900 to 69,725 tonnes.

LME silver holdings rose by 480,000 ounces to a record total of 37,530,000 ounces. Silver values were easier in line with gold, but rallied in afternoon trading.

Thailand rejects rubber support measures

BANGKOK — Thailand has rejected measures proposed by Malaysia to support prices of natural rubber in the world market its agriculture minister Mr Chuan Leekpai said yesterday.

Mr Chuan had just returned from Kuala Lumpur where he discussed the world rubber market with his Malaysian counterpart Mr Datuk Abdul Manan Othman.

GRAINS

Relief for Poland's import headache

BY DAVID BUCHAN IN WARSAW

POLAND has had a minor stroke of much-needed luck. More than two months of fine weather have boosted this year's grain harvest to 21m tonnes, 1m tonnes better than last year. This reduces the amount which near-bankrupt Poland must import in the coming year and helps offset a sun-shrivelled potato and root crop.

But the Jaruzelski government still faces two key agricultural problems—how to persuade the county's largely private farming force to sell more to the state this year than the paltry 2m tonnes of grain they offered last year, and how to pay for a bare minimum of grain imports when Poland has so little cash in its coffers and is denied fresh farm credits by the U.S. for political reasons.

Poland's Agricultural Minister, Mr Jerzy Wojtecki, puts the minimum that Poland must import over the coming 12 months at 3.5m tonnes of grain and 1.5m tonnes of protein meal and fodder concentrates to keep the Polish livestock industry from dying.

Since last December's martial law, wheat imports have kept going on credit from France and Canada. But the French credit ran out on July 1. Poland is trying, without success so far, to negotiate a renewal with the Mitterand government. The Canadian credit formally expires in December, but Poland has already used it up.

Mr Wojtecki said he was negotiating with some international companies on a barter solution to alleviate Poland's grain payment problem. He would not name the companies, but said they were based in France. The Minister said no contracts had yet been signed, but the companies would take Polish coal for maize.

Poland's fodder problems are even trickier to solve, and Mr Wojtecki admitted Poland would probably have to find cash to pay for the protein meal. The two main suppliers of this have been the U.S. and Brazil which has not been repaid on past credits by Poland and is now only delivering its soya products to Poland for cash payment. Western experts here say that without the imported nutrients, Polish farmers will need much larger volumes of ordinary grain for their livestock.

One sector of Polish farming—the broiler chicken industry—has already been struck down for lack of U.S. feed grain. From an annual average of some 500,000 tonnes, chicken production is down to 100,000 tonnes this year, Mr Wojtecki says. Chicken is not the favourite meat of Poles—pork is—but the drastic reduction in chicken has aggravated the meat shortages in the shops.

Mr Wojtecki said he was exploring the possibility with some western firms of bartering poultry feed for Polish commodities. But this would only be a partial solution, and the Warsaw Government does not intend to try to rebuild the broiler industry to its previous size while the country remains so dependent on foreign grain imports.

Three-quarters of Polish farms are in private hands and, since the Stalinist 1950s, their owners have not been compelled to sell any fixed quantity to the state. But some 6m tonnes of grain a year are needed for the state-owned baking and food industry.

Because of political worries and low grain prices, the farmers sold only 2m tonnes to the state last year. This year Mr Wojtecki said the government hopes to get 5m tonnes having recently doubled the price it offers to the farmer to 1,400-1,500 Zloties ($17-18) a kilo of grain.

This increase, together with a yearly price review, was also introduced to bring average farm income up to 4-8 per cent above industrial workers. Mr Wojtecki explains this arises out of the government's determination that farmers worked longer hours than their city counterparts.

Even though the state has already bought 2m tonnes of domestic grains this year, some observers think it unlikely the it will reach its 5m tonnes target. Many farmers, they say, see little to spend any extra income on in the shops now and would rather hoard their grain for a year or two.

Equally, however, Mr Wojtecki says it would be very unpopular for the Government to re-introduce compulsory grain purchases, and he resisted pressure to do this last year.

But the government's economic reform programme has brought farmers some benefits. This is not so much in terms of higher retail food prices this year which have risen an average 95-100 per cent, but which are not passed on to the farmer directly. New changes in central planning affect private farmers. They instead, have benefited from laws passed this year guaranteeing unimpeded right of inheritance of farms and allowing farmers to enlarge their present holdings up to 100 hectares. The latter is part of a long-term objective to reduce Poland's 2.8m farms to around half a million.

Philippine coconut levy lifted

By Our Manila Correspondent

THE PHILIPPINE Government yesterday lifted the controversial coconut levy as the world price of coconut oil continues to remain at a low of U.S. 17 cents per pound.

Coconut products have been the country's main export earner. A Government statement said the move was recommended to President Ferdinand Marcos by industry leaders who fear that the levy might become a "political burden and subversive elements would exploit it to sow discontent and confusion among coconut farmers."

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	32.00-32.55	+0.10
Iranian Light	30.50-30.80	+0.25
Arabian Heavy	29.50-30.40	+0.15
North Sea (Forties)	33.50-33.55	+0.50
African(Bonny L'ht)	34.25-34.50	+0.62
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	352-355	+5.5
Gas oil	292-302	-3.0
Heavy fuel oil	154-160	—

GAS OIL FUTURES

The market opened $2.00 higher following a strong New York close and buying interest in the physical market. Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
August	301.00	+2.00	305.00-01.00
Sept	297.00	+5.00	[illegible]
Oct	300.75	+6.75	301.00-95.50
Nov	303.50	+6.50	303.75-95.00
Dec	304.00	+6.50	[illegible]
Jan	304.00	+5.50	304.00-01.00
Feb	300.25	+5.00	—
March	298.50	+4.50	—
April	291.00	—	—

Turnover: 1,962 (2,122) lots of 100 tonnes.

GOLD MARKETS

Gold fell $3 to $413-414 in the London bullion market yesterday. The metal opened at $413½-414¼ and was fixed at $409.60 in the morning, and $411.50 in the afternoon. It touched a peak of $415-416, and a low point of $407¼-408¼.

In Paris the 12½ kilo gold bar was fixed at FFr 90,000 per kilo ($398.54 per ounce) in the afternoon, compared with FFr 91,000 ($403.47) in the morning, and FFr 90,000 ($391.37) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,750 per kilo ($407.56 per ounce), against DM 32,090 ($400) previously.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $411.50 per ounce.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
Sept'mbr	238.00-42.00	+4.750	—
October	242.60-3.25	+2.425	244.50-38.25
November	244.20-50.7	+1.950	—
December	246.50-7.50	+1.400	247.05-3.50
January	248.50-9.50	+0.850	250.25-8.50
February	250.30-1.50	+0.800	—
March	253.00-4.00	+1.250	—

Turnover: 148 (303) lots of 100 troy ounces.

	Aug. 31		Aug 27	
Gold Bullion (fine ounce)				
Close	$413-414	(£240¾-241¼)	$416-417	(£239-239½)
Opening	$413½-414½	(£241½-242)	$421-422	(£240-240½)
Morning fixing	$409.60	(£238.556)	$425.25	(£242.309)
Afternoon fixing	$411.50	(£239.523)	$418	(£240.023)

Gold Coins Aug. 31					
Krugrnd	$425-427	(£247¾-248¾)	King Sov	$93-98	(£56½-58)
½ Krug	$219¾-220¾	(£128.47-129)	Victoria Sov	$93-98	(£56½-58)
¼ Krug	$112-113¼	(£65½-66)	French 20s	$78.7-89.2	(£46-52)
1/10 Krug	$45¾-46¾	(£26¾-27¼)	50 pesos Mex.	$486.1-494.7	(£284¼-289¼)
Mapleleaf	$425-427	(£248½-249½)	100 Cor. Aust	$435.4-400.8	(£251¼-254¼)
New Sov	$97½-98½	(£56¾-57¼)	$20 Eagles	$430-445	(£251½-260¼)

BRITISH COMMODITY MARKET

BASE METALS

BASE-METAL PRICES were lower on the London Metal Exchange. Initial weakness in COPPER, which fell to £830, stemmed from the poor performance on Comex on Monday; the market's failure to break down below the £830 level prompted good covering and, added to a better-than-expected opening on Comex and weak sterling, forward metal rallied to close at £846.5. LEAD and ZINC fell in sympathy with the latter £423 and the former £310.5. TIN moved up to close at £7,456 boosted by fair eastern consumer demand and support from the buffer stock managers.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
HighGrde	£	£	£	£
Cash	834.5-5	-22.7	832-3	-15
3 mths	853.5-4	-22.7	845-.5	-11.2
Settlem't	835	-22	—	
Cathodes				
Cash	787-9	-20.5		
3 months	809-.5	-20.7	797-9	-19.5
Settlem't	789	-21	818-20	-19.5
U.S. Prod.	—		68-75	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £825.00, 24.50, 25.00, three months £831.00, 30.00, 31.00, 30.50, 30.00, 30.50, 31.00, 32.00, 31.50, 32.00, 32.50, 32.00, 33.00, 32.50, 32.00, 33.50. Cathodes: Three months £805.00. Kerb: Higher Grade, three months £834.00, 35.00, 35.50, 36.00. Afternoon: Higher Grade, three months £840, 41, 40.5, 41, 41.5, 46, 44.5, 44, 43.5, 43. Kerb: Higher Grade, three months £843, 43.5, 44, 45, 46, 46.5. Turnover 26,350 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7560-80	+86	7560-70	+90
3 months	7425-30	+57.5	7430-40	+75
Settlem't	7580	+90	—	......
Standard				
Cash	7540-5	+77.5	7560-70	+100
3 months	7425-30	+57.5	7430-40	+85
Settlem't	7545	+85	—	......
Straits E.	$29.68	......	—	......
NewYork	—	......	—	—

Tin—Morning: Standard, cash £7,540, three months £7,410, 20, 25, 30, 40, 45, 50, 40, 30, 25, 20. Higher Grade, cash £7,560, 80. Kerb: Standard, three months £7,430, 40, 50. Afternoon: Standard, cash £7,570, three months £7,460, 65, 70, 60, 50, 40, 30, 40, 50, 40. Kerb: Standard, three months £7,450, 60, 65, 70, 65, 55. Turnover: 1,530 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	300-1	-6.25	301-2	-6.25
3 months	311.5-2	-5.5	311.5-2	-5.5
Settlem't	301	-6	......	......
U.S. Spot	—	......	*28-8	......

Lead—Morning: Cash £301.00, three months £314.00, 13.50, 13.00, 12.50, 12.00. Kerb: Three months £311.50, 12.00. Afternoon: Cash £300, three months £312, 11.5, 11, 12. Kerb: Three months £311, 10.5. Turnover 12,775 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	419-20	-3.25	420.5-1.5	-1.75
3 months	423-.5	-6	423-4	-6.75
S'ment	420	-3	—	......
Primw'ts	—	......	37-40.5	......

Zinc—Morning: Three months £423.00, 22.00, 23.00, 23.50, 24.00, 23.00, 22.00, 22.50, 23.00. Kerb: Three months £423.00, 23.50, 24.00, 23.50, 23.00. Afternoon: Three months £424, 23.5, 24, 24.5, 23, 24. Kerb: Three months £423. Turnover 18,400 tonnes.

Aluminm.	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	555-6	-.75	557-8	+1.25
3 months	573.5-4	......	575.5-6	+2

Aluminium—Morning: Three months £573.00, 72.50, 74.00. Kerb: Three months £574.00, 74.50, 74.00. Afternoon: Three months £576, 77, 76, 75.5. Kerb: Three months £575.5, 76, 75.5, 75, 74.5.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2750-5	-16	2745-55	-17.5
3 months	2730-5	-16.5	2740-5	-6.5

Nickel—Morning: Cash £2750, three months £2745, 50, 40, 30. Kerb: Three months £2735. Afternoon: Three months £2740, 45, 40, 50. Kerb: Three months £2745.50. Turnover 450 tonnes.

SILVER

Silver was fixed 22.85p an ounce lower for spot delivery in the London bullion market yesterday at 450.2p. U.S. cent equivalents of the fixing levels were: spot 773.0c, down 52c; three-month 793.8c, down 51.5c; six-month 813.7c, down 49.4c; and 12-month 864.0c, down 50.2c. The metal opened at 461-464p (790-795c) and closed at 455-458p (782-787c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	450.20p	-22.85	456.25p	-5.5
3 months	461.50p	-22.5	467.25p	-5.1
6 months	470.10p	-21.1	—	
12months	495.60p	-21.5	—	

LME—Turnover 73 (40) lots of 10,000 ozs. Morning: Three months 462.0, 60.0, 59.0, 59.5, 59.2, 59.0. Kerb: Three months 460.0, 61.0, 63.5, 65.0. Afternoon: Three months 469, 67. Kerb: Three months 467.5.

COCOA

Futures remained quietly steady in dull conditions. Actuals business continued to be scarce, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	893-94	+5.5	894-90
Dec	935-37	+7.5	937-28
March	965-66	+7.0	967-62
May	985-86	+7.0	986-81
July	1002-04	+8.5	1003-99
Sept	1017-18	+8.5	1018
Dec	1035-36	+9.0	1035-34

Sales: 1,371 (1,710) lots of 10 tonnes.

ICCO—Daily price for Aug 31: 72.27 (72.73). Indicator price for Sept 1: 73.13 (73.66).

COFFEE

After a quiet opening aggressive trade buying encouraged a steady session. A firmer New York market and lower sterling provided additional bullish incentive.

COFFEE	Yest'day's Close	+ or —	Business Done
Sept	1321-22	+65.5	1328-70
Nov	1223-25	+36.5	1227-91
January	1119-20	+37.0	1125-90
March	1041-42	+23.0	1044-25
May	987-88	+15.0	991-75
July	957-58	+6.5	960-50
Sept	941-45	+8.0	946-35

Sales: 6,586 (3,891) lots of 5 tonnes.

ICO Indicator prices for August 30 (U.S. cents per pound): Comp. daily 1979 118.83 (118.69); 15-day average 117.99 (117.83).

GRAINS

The market eased initially on hedge-selling in quiet trading but trade buying of all but spot wheat firmed values later, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rdys close	+ or —
Sept	111.05	-0.85	105.70	+0.10
Nov	114.00	+0.05	109.05	+0.05
Jan	117.25	-0.10	112.50	-0.10
Mar	120.50	-0.20	115.60	-0.10
May	123.85	-0.10	118.60	-0.15
July	126.65	-0.15	—	—

Business done—Wheat: Sept 111.35-11.10, Nov 114.00-113.70, Jan 117.25-117.15, Mar 120.55-120.50, May 123.85-123.70, July 126.60 only. Sales: 184 lots of 100 tonnes. Barley: Sept 105.65-105.30, Nov 109.05-108.75, Jan 112.50 only, Mar 115.50-115.45, May no trades. Sales: 216 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Sept 110.50, Oct 111.50, Nov 113, Dec 115.25 transhipment East Coast seller. English Feed fob Sept 113.50 paid East Coast. Maize: French Sept 136 transhipment East Coast seller. South African White/Yellow Aug/Sept 85.00 seller. Barley: English Feed fob Sept 8 107.50 East Coast seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 100.00, S. West 101.80, W. Mids 99.70, N. West 98.90. The UK Monetary Coefficient for the week beginning Monday September 6 (based on HGCA calculations using 5 days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened slightly steadier, attracted little interest throughout the day and closed dull. Lewis and Peat recorded a September fob price for No. 1 RSS in Kuala Lumpur of — (190.5) cents a kg and SMR 20 — (172.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]

Sales: 56 (88) lots of 15 tonnes; 6 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were Spot 50.50p (50.00p); Oct 51.00p (51.00p); Nov 51.50p (51.25p).

SOYABEAN MEAL

Prices opened slightly easier in thin conditions, reports T. G. Roddick, but steadied on weaker sterling.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]

Sales: 50 (93) lots of 100 tonnes.

SOYABEAN OIL—The market opened about $4.00 lower and remained at the opening levels. Closing prices and business done (U.S. $ per tonne): Oct 438.00, 445.00, untraded: Dec 446.50, 448.00, 445.00; Feb 451.60, 452.00, untraded; April 460.00, 458.00, untraded: June 457.00, 470.00, untraded; Aug 480.00, 475.00, untraded; Oct 465.00, 480.00, untraded. Sales: 5 (27) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £90.00 (£92.00) a tonne cif Aug-Sept-Oct shipment. White sugar daily price £110.00 (same).

The market traded in a narrow range in quiet conditions. Failure to establish a breakthrough led to some short-covering but most of the gains were lost, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Oct	100.00-18.50	105.40-05.45	101.75-99.75
Jan	105.85-08.90	108.80-12.80	—
March	116.10-18.20	119.50-19.75	117.00-15.00
May	119.25-18.50	121.85-22.10	120.25-18.50
Aug	122.25-22.75	125.10-25.25	123.00-22.00
Oct	125.50-28.25	128.50-28.75	125.50-28.75
Jan	127.25-32.00	130.00-31.00	—

Sales: 2,001 (1,838) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £194.00 (£196.50) for export.

International Sugar Agreement (U.S. cents per tonne) fob and stowed Caribbean ports. Prices for August 27. Daily price 6.27 (6.28); 15-day average 6.75 (6.80).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 524.0, 527.0, 524.0-523.0; Dec 525.0, 525.5, 526.0-525.0; Mar 530.5, 531.0, 532.0-530.5; May 534.0, 535.0, 535.0; July 545.0, 546.0, 545.0-544.0; Oct 537.0, 538.0, untraded; Dec 537.0, 538.0, 538.0. Sales: 41.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 362, 370, 362; Dec 375, 377, 376-375; Jan 379, 381, 381-380; Mar 388, 392, 390-389; Sept 396, 399, 398-397; Aug 406, 412, 407; Oct 409, 416, 411-410; Dec 409, 422, nil; Jan 412, 417, nil. Sales: 64.

COTTON

LIVERPOOL—No spot or shipment sales were registered. Dealers were not prepared to enter into further engagements, and the offtake was at a standstill. Some inquiries were encountered in specialist types grown in the Middle East, while African and North American qualities were not entirely idle.

POTATOES

LONDON POTATO FUTURES—The market was quiet and featureless, reports Coley and Harper. Closing prices: Nov 57.40, +0.10 (57.40 only); Feb 66.60, +0.10 (untraded); April 76.40, -0.50 (76.80 only); May 86.90, -0.40 (high 86.80, low 86.70); Nov 66.20, -2.40 (high 6.20, low 66.00). Turnover: 7 (54) lots of 40 tonnes.

JUTE

JUTE—C and F Dundee BWC £283, BWD £231, BTB £300, BTC £268, BTD £234; C and F Antwerp BWC £265, BTB £302, BTC £272, BTD £237; C and F Dundee Sept 40 in 10 oz £12.67, 40 in 7.5 oz £9.05; B Twills £33.91.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 31 1982	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$960/980		$970/180
Copper			
Cash h grade	£833.5	-15	£874.75
3 mths	£846.25	-11.25	£880.25
Cash Cathode	£788	-19.5	£848
3 mths	£813.75	-19.5	£863.5
Gold Troy oz	$413.5	-3	$356.25
Lead Cash	£301.5	-6.25	£310.5
3 mths	£311.75	-5.5	£322.5
Nickel	£4025		£4025
Free mkt	215/248c		215/245c
Platin'm tr'y oz	£260		£260
Free mkt	£187.25	-3.5	£165.85
Quicksilver	$365/385		$380/370
Silver troy oz	450.20p	-22.85	446.10p
3 mths	461.50p	-22.5	460.5p
Tin Cash	£7565	+100	£6575
3 mths	£7435	+65	£6460
Tungsten22.04lb	$113.48		$111.81
Wolfrm 22.04lb	$101/105		$104/108
Zinc Cash	£421.5	-1.75	£441.75
3 mths	£425.5	-3.75	£438.5
Producers	$850		$800
Oils			
Coconut (Phil)	$415u		$445
Groundnut	$670		$640
Linseed Crude			
Palm Malayan	$407.5y	+7.5	$405
Seeds			
Copra Philip	$280y	-10	$300
Soyabean (U.S.)	$239.75	-3.5	$248
Grains			
Barley Fut. Nov	£109.05	+0.05	£105.05
Maize	£126.00		£129
Wheat Fut. Nov	£114.00	+0.05	£112.80
No.2 Hard Wint.			
Other commodities			
Cocoa ship't*	£977	+5	£920.5
Future Dec	£936	+5	£922.5
Coffee Ft. Nov	£1223.5	+36.5	£1,045.5
Cotton A.Index	74.75c	-0.2	76.40c
Gas Oil Sept	$297	+3.75	$281.5
Rubber (kilo)	50.5p	+0.5	49.5p
Sugar (Raw)	£90xt	-2	£108
Woolt ps 64s kl.	375p kilo		382p kilo

‡ Unquoted. x Aug-Sept. u Sept-Oct. y Sept. t Oct. † Per 16 lb flask. * Ghana cocoa. n Nominal.

INDICES

FINANCIAL TIMES

Aug. 27	Aug. 26	M'th ago	Y'ar ago
229.58	231.00	229.51	257.54

(Base: July 1 1952 = 100)

REUTERS

Aug. 27	Aug. 31	M'th ago	Y'ar ago
1529.1	1526.9	1553.6	1656.7

(Base: September 18 1931 = 100)

MOODY'S

Aug. 27	Aug. 26	M'th ago	Y'ar ago
1010.8	1014.6	997.4	1093.0

(December 31 1931 = 100)

DOW JONES

Dow Jones	Aug 27	Aug 26	Month ago	Year ago
Spot	126.72	128.76	122.48	—
Futr's	128.78	132.35	124.73	—

(Base: December 31 1974 = 100)

AMERICAN MARKETS

NEW YORK, August 31.

COPPER RALLIED sharply on arbitrage buying and a weaker dollar. Coffee continued to advance on strong indications of tight supplies in nearby positions. Heating oil was very strong following support and follow-through buying. Cotton was mixed despite expectations of high loan entries and on short-covering. Gold and silver were highly erratic, reports Heinold.

*Gold—Sept 408.6 (409.5), Oct 411.0-412.9 (412.9), Nov 415.1, Dec 418.0-418.0, Feb 426.4, April 434.5, June 443.3, Aug 452.2, Oct 461.3, Dec 470.8, Feb 480.5, April 490.4, June 500.5.

Copper—Sept 62.30-62.50 (60.55), Oct 63.05 (61.16), Nov 63.70, Dec 64.35-64.55, Jan 64.95, March 66.40, May 67.20, July 68.30, Sept 69.45, Dec 71.15, Jan 71.75, March 72.90, May 74.05, July 75.20.

Potatoes (round whites)—Nov 67.0 (67.0), Feb 65.0 (65.5), March 76.5-77.6, April 87.0-87.2. Sales: 103.

†Silver—Sept 784.0-789.0 (782.5), Oct 792.5 (788.0), Nov 798.0, Dec 801.0-805.0, Jan 811.5, March 823.0-830.0, May 841.0, July 856.3, Sept 871.3, Dec 893.4, Jan 901.2, March 916.3, May 931.2, July 946.3. Handy and Harman Bullion Spot 787.00 (772.00).

Sugar—No. 11: Oct 6.27 (6.08), Jan 6.62-6.64 (6.65), Jan 7.20-7.45, March 7.94-7.97, May 8.30-8.32, July 8.50, Sept 8.80, Oct 8.90-8.95. Sales: 8,932.

Tin—595.00-600.00 (595.00-600.00).

CHICAGO, August 31.

Lard—Chicago loose 21.25.

Live Cattle—Oct 61.75-61.85 (62.42), Dec 61.75-61.80 (62.37), Feb 61.20-61.25, April 61.55-61.60, June 62.25-62.35, Aug 60.45-60.50.

Live Hogs—Oct 61.85-61.65 (62.00), Dec 59.80-60.70 (60.12), Feb 57.02-57.10, April 52.95-52.97, June 52.15, July 51.35, Aug 48.60.

‡Maize—Sept 226½-226 (226¾), Dec 229¼-229½ (226½), March 245¾, May 255¼-255½, July 262, Sept 265½.

Pork Bellies—Feb 85.90-86.20 (86.65), March 84.05 (84.62), May 82.50-82.60, July 78.30-77.95, Aug 75.95-76.00.

‡Soyabeans—Sept 553½-554 (552), Nov 558¾-559¼ (555½), Jan 572½-573½, March 588¼, May 601, July 612, Sept 610, Nov 616.

||Soyabean Meal—Sept 160.7-160.6 (159.7), Oct 160.4-160.2 (159.3), Dec 164.7-164.8, Jan 167.3, March 170.4, May 174.0, July 178.0-178.5, Aug 177.5-178.0, Sept 177.5-178.0.

Soyabean Oil—Sept 17.24-17.28 (17.03), Oct 17.55-17.60 (17.36), Dec 17.90-17.97, Jan 18.15, March 18.48, May 18.85, July 19.20, Aug 19.30-19.40, Sept 19.40-19.50.

†Wheat—Sept 334-333¾ (335½), Dec 356¾-356½ (360¼), March 375¼-375, May 383¼, July 385, Sept 392¼.

WINNIPEG, August 31. ‡Barley—Oct 101.7 (101.6), Dec 101.3 (101.4), March 108.8, May 107.8, July 108.1.

†Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 222.00 (222.61).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, August 31.

Wheat—(U.S. $ per tonne): U.S. No Two Red Winter Sept 143, U.S. No Two Amber Durum Sept 181.50, Oct 186, Nov 170, Dec 175, April/May 184. U.S. No Two Northern Spring 14 per cent Sept 172, Oct 173.50, Nov 176.50, Dec 180.50. Canadian Western Red Spring Sept 195.50.

Maize—(U.S. $ per tonne): U.S. No Three Yellow spot 129, afloat 122, Aug 117, Sept 112.50, Oct 106.50, Nov 107, Dec 108, Oct/Dec 107.50, Jan/Mar 114.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Sept 230, Oct 219.50, Nov 219.75, Dec 224.75, Jan 230, Feb 234.50, Mar 237, April 240, May 241.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 206, Sept 200, Oct 198, Nov 199, Dec 202, Jan 206, Nov/Mar 208, Jan/Mar 209, April/Sept 211. Pellets Brazil afloat 211, April/Sept 217 sellers; Nov 198.25 reported traded. Pellets Brazil mid-Aug/mid-Sept 203.50, Sept 205, Oct 210, Oct/Dec 215, Nov/Mar 221 sellers; arrived 200 reported traded.

PARIS, August 31.

Cocoa—(FFr per 100 kilos): Sept 1060-1077, Dec 1121-1140, March 1185-1195, May 1215-1230, July 1250-1280, Sept 1280-1290, Dec 1315-1325. Sales at call: 2.

Sugar—(FFr per tonne): Oct 1325-1328, Nov 1345-1355, Dec 1380-1385, March 1505-1508, May 1555-1565, July 1575-1585, Aug 1611-1630, Oct 1660-1680. Sales at call: 72.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 79.0 to 84.8; Ulster hindquarters 97.5 to 99.5, forequarters 58.0 to 60.5. Veal: Dutch Hinds and Ends 128.0 to 130.0. Lamb: English Small 63.5 to 67.5, Medium 61.0 to 64.5, Heavy 56.0 to 60.0; Scottish Medium 57.0 to 61.0, Heavy 56.0 to 58.0; Imported—New Zealand PL 58.8 to 60.0, PM 58.5 to 59.8, PX 56.0 to 57.5. Pork: English, under 100 lb 38.0 to 53.0, 100-120 lb 43.0 to 52.0, 120-160 lb 41.2 to 50.0.

MEAT COMMISSION—Average Fatstock prices at representative markets: GB—Cattle 97.89p per kg lw (+0.53). GB—Sheep 129.76p per kg est dcw (−2.87). GB—Pigs 70.65p per kg lw (+0.33).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: shell cod £6.00-£7.40, codlings £4.20-£5.80; large haddock £4.00-£5.00, medium £2.80-£3.50, small £1.60-£2.40; large plaice £7.00, medium £5.80-£6.80, best small £4.80-£6.00; lemon soles (large) £10.00, (medium) £9.00; rockfish £1.80-£3.00; reds £2.00-£2.50; saithe £1.60-£2.40.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels/Lates 40 5.20, 48 5.70, 56 6.00, 72 6.20, 88 5.75, 122 5.30, 138 5.85, 150 6.25. Mandarins—Brazilian: 5.00-5.50. Minneolas—Outspan: 42/89 5.00-5.60. Lemons—Spania: trays 5-kg 25/50 1.20-1.50; Outspan: 15½-kg 80/195 3.00-6.00. Grapefruit—Outspan: 27 4.80, 32 5.58, 36 6.10, 40 6.00, 48 6.50, 56 5.60, 64 6.15, 72 4.35. Ruby same as White. Apples—New Zealand: Granny Smith 11.50-12.00; U.S.: 18-kg Red Delicious 10.00-14.00; French: 18-kg 4.60-4.20, 9-kg 2.10-2.20. Pears—French: 28-lb loose Williams 3.60; Italian: Tray pack, Williams 0.14-0.20 per pound. Peaches—Italian: Large trays 1.60-2.20; French: 1.40-2.80; Spanish: Per pound 0.14-0.20. Plums—Italian: Stanley 20-lb 2.80-3.00, 20-lb Giant 2.80-3.00; French: President 20-lb 3.00. Grapes—Cyprus: 5-kg Sultana 2.50, Thompson 4.00-4.20; Rosaki 3.00, Alphonse 3.00; Italian: 5-kg Regina 2.00, Alphonse 7-kg 2.80-3.00; Spanish: 5-kg Alphonse Lavallee 1.50, French: Alphonse 6-kg 2.60. Litchees—Israeli: 8-oz 0.70. Nectarines—Italian: 2.50-3.50. Melons—Spanish: Yellow 10-kg 2.40-3.00; French: Charentais 10/15 7.00-8.00; Dutch: Ogens 1 6.00-6.80. Water-Melons—Spanish: 16-kg 3.00; Italian: 3.00-4.00. Pineapples—Ivory Coast: 20s 0.45, 12C 0.70, 12B 1.60, A 1.50 each; Kenyan: 8s 1.80-2.00 each; Ghana: 1.00-1.80 each; S. African: 5/6 5.50-6.00. Bananas—Colombian: 40-lb boxes 9.00. Avocados—S. African: 4.50-5.00; U.S.: 6.50-6.80. Mangoes—Mexican: 7.50; Puerto Rican: 7.00; Israeli: 6.20-6.60. Paw Paws—Brazilian: 6.00-7.00.

English Produce: Potatoes—Per pound new 0.03-0.03½. Mushrooms—Per pound open 0.60-0.70, closed 0.80. Lettuce—Per 12 round 0.80-1.60, Webb's 1.20-2.00, Cos 1.50-2.00, Spring Onions—Per bunch 0.05-0.06. Pickling Onions—Per 56 lb 3.00-3.50. Leeks — Per 11 lb 1.50-1.80. Primo Cabbage—Per 25 lb 1.20-1.50. Cabbages — Per 28/30 lb White/Red 2.00. Fennel—Per 5 lb 1.50. Carrots—Per 26/28 lb 0.80-1.40, per bunch 0.05-0.10. Courgettes—Per 12 lb 2.40-3.60. Cucumbers — Per package 1.60-2.80. Tomatoes—Per 12 lb box D/E 1.40-1.60. Cauliflowers—Per 12 Lincoln 3.50-4.50. Celery—Per 18-36 winter crop 2.60-3.00. Stick Beans — Per pound 0.18-0.25. Pumpkins—Per pound 0.10. Marrows—Per box 0.80-1.20. Sugar Peas—Per pound 1.00-1.20. Turnips—Per 28 lb 1.40-1.60. Swedes—Per 28 lb 1.20. Parsnips—Per 28 lb 1.60-2.20. Apples—Per pound Bramley 0.12-0.15, Grenadiers 0.08-0.10, Discovery 0.08-0.15, Howgate 0.10, Derby 0.10, George Cave 0.05-0.10, Tydeman's 0.08-0.15, Pearmains 0.10-0.15. Strawberries—Per 8 ounce 0.20-0.60. Blackberries—Per 8 ounce 0.20-0.25. Blueberries—Per 8 ounce 0.70. Raspberries—Per 4 ounce 0.70-0.80. Plums—Per pound Victoria 0.12-0.20, Belle's 0.10-0.14, Giant 0.10-0.12, Damsons 0.15, Ponds 0.14-0.18. Gages—Per pound 0.10-0.15. Corn on Cob—Each 0.05-0.10. Cobnuts—0.45-0.50 per pound.

COMPANY ANNOUNCEMENT

Brengreen (Holdings) plc

Wish to confirm that they have no connection or association with any other public or privately owned company, apart from their own subsidiaries, nor is any merger or takeover anticipated.

مكتبة الأصل

Bank of Tokyo launches interest swap Eurobond

BY ALAN FRIEDMAN

THE BANK OF TOKYO yesterday became the fourth Japanese bank this year to launch an interest-rate swap Eurodollar bond deal with a $100m seven-year issue bearing a 13¾ per cent coupon.

The bond, lead-managed by Bank of Tokyo, Morgan Stanley, S. G. Warburg, and Credit Suisse First Boston, is priced at par and is not callable by the borrower. A counterparty will take over the 13¾ per cent fixed-rate coupon, and Bank of Tokyo will secure floating rate debt in return.

The Bank of Tokyo issue has been expected for several weeks. One of the reasons for the delay has been the difficulty of co-ordinating a counterparty.

Tonight will see the launch of a $100m seven-year Eurobond for the Canadian province of Manitoba. Wood Gundy is lead-manager. The Manitoba issue is expected to carry a 13¾ per cent coupon at par, which is seen by some in the market as aggressive pricing.

In the secondary market, trading was mixed yesterday and most bond prices closed around ¼ point down on last Friday's level. The market appears to feel that the recent drop in U.S. interest rates is temporarily over, a feeling compounded by the expectation of a U.S. money supply bulge in the next fortnight and the heavy U.S. Treasury borrowing requirements.

The six-month Eurodollar deposit rate closed at 12⅛ per cent last night, up ⅛ per cent since Friday. U.S. Federal Funds have also moved upwards since last week.

With these factors in mind, a number of new issue managers and bond traders are predicting a period of consolidation over the next few days. One factor working in favour of new issues, however, is the scarcity of new paper.

In West Germany, the Euro D-Mark bond sector saw prices unchanged last night in moderate trading. A DM 100m five-year issue has been launched for Ireland through Commerzbank. The bond carries a 9½ per cent coupon, certainly not at the low end for new issues and reflecting the D-Mark sector's valuation of Ireland.

In the Swiss franc foreign bond market, prices were slightly weaker last night after a day of light trading. The SwFr 100m 10-year issue for the Austrian Verbundgesellschaft (electric utility) was priced with a 6¾ per cent coupon at 100½ to yield 6.68 per cent. Union Bank of Switzerland is lead-manager.

● A Singapore $20m 10-year convertible bond is out for Tokyu Corporation, the Japanese real estate and retailing group. The issue, which is expected to carry a semi-annual 8¾ per cent coupon, is the first non-resident borrower to come to the Singapore dollar bond market.

Imasco plea for exemption from FIRA

By Our Montreal Correspondent

IMASCO, the Canadian tobacco company which is 40 per cent owned by BAT Industries of the UK, has again told Mr Herbert Gray, Federal Minister for Industrial Expansion, that it cannot deploy inside Canada the discretionary funds created by its basic tobacco business while the Federal Government continues to refuse the company exemption from the Foreign Investment Review Act.

Imasco, which holds about half the cigarette market in Canada, has been trying to obtain exemption from the FIRA since 1980.

Pemex raises $250m for financing of oil exports

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

PEMEX, MEXICO'S state oil concern, has raised $250m from a group of 24 international banks as forward financing of oil exports to Spain.

The deal, which was discreetly signed last Friday, is wholly unaffected by the current three month moratorium on repayments to commercial banks of principal due by Mexico's public sector. It is understood that similar deals relating to Mexican oil exports are also unaffected.

Under the deal, Pemex has assigned to participating banks the money it was expecting to receive from Hispanoil, the Spanish national oil agency, for payment of oil exports. Repayment of the facility is thus primarily an obligation of Hispanoil, not of Mexico.

The $250m facility bears a margin over London Eurodollar rates of ⅞ per cent or 1 per cent over U.S. prime rate. It matures in six months, and will be repaid in two equal instalments starting after three months.

The facility has been put together by Urquijo Hispano Americano, which denied yesterday that it had been delayed by Mexico's debt crisis.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday September 14. Closing prices on August 31

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 11 86/87	150	104¼	104⅞	−0⅛	−0⅜	13.23
Amer. Cst. Fi. 15¾ 92	75	†101¾	101⅝	−0⅛	−0⅛	14.80
Amex O/S Fi. 14⅛ 89	75	99⅝	99⅞	−0⅛	−0⅜	14.29
ATT 14⅛ 89	400	104⅞	105⅝	−0⅛	−0⅛	12.99
Baker Int. Fi. 0.0 92	225	29⅛	29⅝	−0⅛	−0⅛	14.15
BHP Finance 14⅛ 89	150	99⅞	99⅜	−1⅛	−0⅛	14.79
Bk. Amer. NT SA 12 87	200	96⅝	96⅞	−0⅛	−0⅛	12.96
Bk. Montreal 14⅝ 87	100	99⅝	100	−0⅛	−0⅛	14.67
Bque. Indo Suez 15 89	100	†100⅝	100⅞	−0⅛	−0⅛	14.82
British Col. Hyd. 14⅛ 89	200	104	104⅝	−0⅛	−0⅛	13.08
British Col. Hyd. 15⅛ 92	150	106⅝	107	−0⅛	−0⅛	14.11
Canada 14⅛ 87	750	104⅝	104⅞	−0⅛	−0⅛	12.98
Canadair 16⅝ 87	150	106⅝	106⅞	−0⅛	−0⅛	12.87
Canadian Nat. 14⅝ 92	75	100⅝	101	−0⅛	+0⅛	14.44
Can. Pac. Sec. 15 89	75	100	100⅝	0	+0⅛	14.83
CIBC 16 87	100	100⅞	101	−0⅛	−0⅛	15.70
Citicorp O/S 15 84/92	100	101⅞	102⅛	−0⅛	0	13.39
Citicorp O/S 15⅛ 85/87	125	102⅞	103⅝	−0⅛	−0⅛	13.87
CNA 15⅛ 87	100	101⅞	102⅛	−0⅛	−0⅛	14.71
Con. Illinois 15⅛ 89	100	98	98⅝	−0⅛	0	16.13
Deutsche Bk. F. 14⅛ 89	300	100⅝	101⅛	−0⅛	+1⅛	13.98
Duke Pwr. O/S 15⅛ 89	100	104⅝	104⅞	−0⅛	0	14.43
Du Pont 9⅝ 89 WW	200	101⅞	101⅝	—	—	13.80
ECSC 14⅛ 87 (April)	50	102⅞	103⅛	−0⅛	−0⅛	13.51
EIB 15⅛ 89	150	104⅝	105⅛	−0⅛	−0⅛	14.30
EIB 15⅛ 92	100	104⅝	105⅛	−0⅛	−0⅛	14.49
Exportfinans 14⅛ 89	50	101⅞	101⅛	−0⅛	−0⅛	14.06
Gen. Elec. Credit 0.0 92	400	29⅝	30⅛	−0⅛	−0⅛	13.62
Gen. Elec. Credit 0.0 93	400	26⅛	26⅝	−0⅛	−0⅛	13.52
Getty Oil Int. 14 89	125	100⅝	101⅛	−0⅛	0	13.96
GMAC O/S Fin. 15 85/87	100	101⅞	102⅛	−0⅛	−0⅛	14.09
GMAC O/S Fin. 15 89	125	103⅞	103⅝	−0⅛	−0⅛	14.10
GMAC O/S Fin. 15 88	100	102⅞	103⅛	−0⅛	−0⅛	13.88
Gulf Canada Ltd 14⅛ 92	100	104⅜	104⅞	−0⅛	−0⅛	14.11
Gulf Oil 14⅛ 94	175	101⅞	102⅛	−0⅛	−0⅛	13.82
Gulf Oil Fi. 0.0 92	300	29⅛	30⅛	−0⅛	−0⅛	13.51
New Brunswick 15⅛ 87	75	104⅝	104⅞	−0⅛	+0⅛	13.87
New Brunswick 16⅛ 89	75	106⅝	106⅞	+0⅛	+0⅛	14.56
Nova Scotia Pr. 15⅛ 89	75	100⅞	101⅛	−0⅛	+0⅛	14.96
Ontario Hydro 14⅛ 89	250	101⅝	101⅞	0	−0⅛	13.49
Ontario Hydro 15 92	150	105⅛	105⅝	−0⅛	+0⅛	14.05
Pac. Gas & El. 15⅛ 89	45	101⅛	102⅛	−0⅛	+0⅛	14.91
Phillips Petrol 14 89	200	101⅛	101⅝	−0⅛	+0⅛	13.46
Saskatchewan P. 15 92	150	103⅝	104⅛	−0⅛	+0⅛	14.29
Shell Canada 14⅛ 92	125	102⅝	102⅞	−0⅛	+0⅛	13.83
Superior O/S Fin. 14 89	125	100⅝	101⅛	−0⅛	−0⅛	14.06
Swed. Exp. Cr. 15⅛ 89	100	103⅝	103⅞	−0⅛	−0⅛	14.33
Swed. Exp. Cr. 14⅛ 90	100	100⅞	100⅞	−0⅛	0	14.59
Swed. Exp. Cr. 0.0 94	200	21⅛	21⅞	−0⅛	−0⅛	14.27
Texas Eastern 15⅛ 89	60	†102⅞	103⅛	−0⅛	−0⅛	14.96
Union Carbide 14⅛ 89	150	102⅛	102⅝	−0⅛	−0⅛	13.78
Wells Fargo Int. 15 87	75	102⅛	102⅝	−0⅛	−0⅛	13.99
World Bank 14⅛ 87	500	101⅝	102	−0⅛	−0⅛	13.66
World Bank 15⅛ 88	250	105⅛	105⅝	−0⅛	−0⅛	13.47
World Bank 15⅛ 87	250	103	103⅝	−0⅛	−0⅛	13.63
World Bank 15 89	200	103⅛	103⅝	−0⅛	−0⅛	13.79

Average price changes... On day −0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian D. Bk. 9⅛ 92(Ap)	150	98⅝	99⅛	+0⅛	+0⅛	9.38
Asian D. Bk. 9⅛ 92(Ag)	150	*†99⅛	100	—	—	9.29
Australia 9⅛ 91	200	105⅛	105⅝	−0⅛	−0⅛	8.62
Austria 8⅛ 92	100	99⅞	100	0	−0⅛	8.64
Barclays O/S In. 8⅛ 94	100	98⅞	99	−0⅛	+0⅛	8.90
Bowater Int. Fin. 8⅛ 92	100	97⅜	97⅞	0	+0⅛	8.84
Caisse Nat. Tele. 9⅛ 92	100	102⅞	103⅛	−0⅛	+0⅛	9.16
Canada 9⅛ 89	200	102⅛	103⅛	−0⅛	+0⅛	7.96
Comp. Tel. Esp. 10⅛ 92	100	103⅛	103⅝	−0⅛	0	10.29
Cred. Foncier 9⅛ 92	100	96	96⅛	0	+0⅛	9.92
Denmark 10⅛ 92	100	103⅛	103⅝	0	+0⅛	9.78
EDF 9⅛ 92	100	100⅛	100⅝	−0⅛	−0⅛	9.69
EIB 9⅛ 92	100	99⅞	100⅛	0	+0⅛	9.86
Int.-Am. Dev. Bk. 9 92	150	96⅞	97⅛	0	−0⅛	9.52
Nacnl. Financiera 11 90	150	88⅝	89⅛	−1⅛	+0⅛	13.37
Norsk Hydro 9⅛ 92	100	100⅛	101	−0⅛	+0⅛	8.74
Philips Lamps 9⅛ 92	100	100⅛	100⅝	−0⅛	+0⅛	9.24
Philip Morris 8⅛ 90	100	100⅛	101⅛	−0⅛	+0⅛	8.06
Quebec 10⅛ 92	100	96⅛	97	−0⅛	+0⅛	11.01
Renfe 10 92	100	100⅞	101⅛	0	+0⅛	10.03
Ruhr 10 92	100	99⅞	100⅛	0	+0⅛	9.96
SNCF 9⅛ 92	150	102⅝	103⅝	+0⅛	+0⅛	9.14
Tenneco Int. 9 92	100	100⅛	100⅝	+0⅛	+0⅛	9.17
World Bank 9⅛ 92	200	102⅝	103⅛	0	+0⅛	9.84
World Bank 8⅛ 92	200	97⅞	97⅞	−0⅛	+0⅛	8.88

Average price changes... On day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6⅛ 92	100	101⅛	102	−0⅛	0	6.26
Asian Dev. Bank 7 92	100	99⅞	100⅛	+0⅛	+0⅛	7.08
BNP 6⅛ 92	100	99	99⅝	−0⅛	0	[illegible]
Eldorado Nuclear 6⅛ 92	100	0	21⅛	[illegible]	[illegible]	[illegible]
Europarat 7⅛ 92	100	101⅜	101⅞	0	+0⅛	7.00
Ind. Fund Finland 6⅞ 92	100	100⅛	101	0	+0⅛	6.82
Japan Dev. Bank 6⅞ 94	100	101	101⅝	0	−0⅛	5.88
Kansai El. Power 6⅞ 92	100	100⅛	100⅝	0	+0⅛	[illegible]
Koe Oil Co. 7 92	75	*†101⅛	101⅜	[illegible]	[illegible]	[illegible]
Kobe City 6⅞ 92	100	101⅛	101⅝	[illegible]	[illegible]	6.73
Lonrho Int. Fin. 7⅛ 92	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mont Blanc Tun. 7⅛ 92	70	*†101⅛	101⅝	[illegible]	[illegible]	[illegible]
Nafinsa 8⅛ 92	100	82	83	[illegible]	[illegible]	14.12
Nezomee O/S F. 7⅛ 90	100	102⅛	102⅛	+0⅛	+0⅛	7.21
New Zealand 6⅞ 92	100	101⅛	101⅛	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 6⅞ 92	100	102⅛	104	[illegible]	[illegible]	5.97
NYK 6⅞ 92	100	99⅝	[illegible]	[illegible]	[illegible]	[illegible]
OKB 7⅛ 92	100	101⅛	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 6⅛ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renfe 7⅛ 92	100	99⅛	[illegible]	[illegible]	[illegible]	[illegible]
Seibsei Pre. 6⅛ 92 WW	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Metal 6⅛ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Svenska Handels. 6⅛ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tiroler Wasser 6⅛ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TNT O/S Fin. 6⅛ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7⅛ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8⅛ 92	15	97	97⅛	−0⅛	−0⅛	8.65
Int.-Amer. Dev. 8⅛ 91	15	98⅛	99	0	+0⅛	8.66
Japan Airlines 7⅛ 87	8	98⅛	98⅝	−0	0	8.67
New Zealand 8⅛ 87	15	99⅛	100⅛	−0⅛	−0⅛	8.44
World Bank 8⅛ 92	20	98⅛	98⅝	[illegible]	[illegible]	[illegible]

Average price changes... On day −0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†100⅛	101	0	+0⅛	15.81
Br. Col. Tel. 17⅛ 89 C$	75	†102⅛	102⅝	−0⅛	+0⅛	16.60
Can. Pac. S. 16⅛ 89 C$	50	†100⅛	101	−0⅛	+0⅛	16.11
Can. Utilities 17 87 C$	35	†102⅛	103	+0⅛	+1	16.14
Gaz Metro. 17⅛ 90 C$	20	†100	101	0	+2	17.10
OKB 16⅛ 88 C$	60	†100⅛	101	−0⅛	+0⅛	15.99
Q. Hyd. 16⅛ 89 (M) C$	50	†100⅛	101	−0	+1	16.24
U. Bk. Nwy. 9⅛ 90 EUA	25	96⅛	96⅛	+0⅛	+0⅛	10.22
Amro Bk. 10 87 (M) Fl	150	100⅛	101⅛	+0⅛	+0⅛	9.70
Amro Bk. 10 87 (A) Fl	75	100⅛	100⅛	0	0	9.86
Bk. Mees & H. 10 87 Fl	75	99⅛	100⅛	0	−0⅛	10.08
EIB 10 87 Fl	75	98⅛	99⅛	−0⅛	−0⅛	10.27
Ireland 10⅛ 87 Fl	75	99⅛	100⅛	−0⅛	−0⅛	10.66
OKB 10⅛ 87 Fl	75	100⅛	101⅛	−0⅛	+0⅛	10.25
OKB 14 86 FFr	300	94⅛	95⅛	0	−0⅛	16.09
Solvay et C. 14⅛ 86 FFr	200	94⅛	95⅛	0	−0⅛	16.72
Beneficial 14⅛ 90 £ (D)	20	93⅛	94⅛	−0⅛	−0⅛	15.45
BFCE 14⅛ 87 £	30	105⅛	106⅛	−0⅛	+0⅛	12.72
BNP 13⅛ 91 £	15	101⅛	102⅛	−0⅛	+0⅛	13.13
CECA 13⅛ 88 £	20	103	104	0	+1	12.62
Fin. Ex. Cred. 13⅛ 86 £	15	101⅛	102⅛	−0⅛	+0⅛	12.85
Gen. Elec. Co. 12⅛ 89 £	50	102⅛	103⅛	−0⅛	+0⅛	11.80
Hiram Walker 14⅛ 86 £	25	105⅛	106⅛	−0⅛	+0⅛	12.51
Norsk Hydro. 14⅛ 87 £	20	105⅛	105⅛	−0⅛	+0⅛	12.59
Privatbanken 14⅛ 88 £	12	100⅛	101⅛	−0⅛	−0⅛	14.20
Quebec 15⅛ 87 £	35	105	106	−0⅛	−0⅛	13.73
Quebec Prov. 14⅛ 89 £	50	101⅛	101⅛	−0⅛	+0⅛	14.14
Reed (Nd) NV 16⅛ 89 £	25	108⅛	109⅛	−0⅛	+0⅛	14.72
Royal Trustco 14 86 £	12	102⅛	103⅛	−0⅛	+0⅛	12.85
SDR France 15⅛ 92 £	30	104⅛	105⅛	−0⅛	+0⅛	14.41
Swed. Ex. Cr. 13⅛ 86 £	20	102⅛	103⅛	−0⅛	+0⅛	12.71
Tenneco Int. 14⅛ 87 £	30	101	101⅛	−0⅛	+0⅛	14.32
Eurofima 10⅛ 87 LuxFr	500	97⅛	98⅛	0	−0⅛	11.11
EIB 9⅛ 88 LuxFr	600	94⅛	95⅛	+0⅛	+1⅛	10.93

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	98⅛	98⅝	15/10	15.69	15.93
Bk. of Tokyo 5⅛ 91 (D)	0⅛	100	100⅛	8/12	15⅛	15.21
Bk. Nova Scotia 5⅛ 93	0⅛	99⅛	100⅛	18/11	15⅛	15.28
BFCE 5⅛ 88	0⅛	99⅛	100	28/10	15	15.04
BFCE 5⅛ 87	0⅛	99⅛	100⅛	27/1	14	13.98
Caisse Nat. Tele. 5⅛ 90	0⅛	99⅛	100	29/10	15⅛	15.79
CCCE 5⅛ 2002	0⅛	98⅛	98⅛	11/12	15⅛	15.59
CEPME 5⅛ 92	0⅛	100⅛	100⅛	10/12	15.44	15.38
Chemical NY 5⅛ 94	0⅛	98⅛	99⅛	29/9	15.69	15.86
Credit Agricole 5⅛ 97	0⅛	99⅛	99⅛	24/9	15.44	15.52
Credit du Nord 5⅛ 92	0⅛	99⅛	100	25/2	15⅛	16.73
Credit Lyonnais 5⅛ 97	0⅛	100⅛	100⅛	23/12	16.81	16.73
Credit Lyonnais 5⅛ 94	0⅛	99⅛	99⅛	1/10	16	16.06
Credit Lyonnais 5⅛ 94	0⅛	100⅛	101⅛	1/1	16.94	16.77
Credit Nat. 5⅛ 94	0⅛	98⅛	98⅛	9/9	14.69	14.84
Ireland 5⅛ 89/94	0⅛	99⅛	99⅛	25/11	14⅛	14.92
Kansallis Osake 5⅛ 92	0⅛	99⅛	100⅛	6/11	15.31	15.33
Lloyds Eurofin 5⅛ 93	0⅛	99⅛	100⅛	29/10	17⅛	17.15
Long Term Cred. 5⅛ 92	0⅛	99⅛	100	29/11	14⅛	14.66
J. P. Morgan 5⅛ 97	0⅛	99⅛	99⅛	12/11	12.94	13.00
Nat. West. Fin. 5⅛ 91	0⅛	100⅛	101⅛	15/11	15⅛	15.12
New Zealand 5⅛ 87	0⅛	99⅛	100⅛	7/10	15.56	15.58
Nippon Credit 5⅛ 90	0⅛	99⅛	100⅛	10/12	13⅛	13.88
Offshore Mining 5⅛ 91	0⅛	99⅛	100⅛	2/12	14.19	14.17
PKbanken 5 91	0⅛	100⅛	100⅛	17/12	15.81	15.73
Scotland Int. 5⅛ 92	0⅛	98⅛	99⅛	23/9	16⅛	16.57
Sec. Pacific 5⅛ 91	0⅛	99⅛	100⅛	24/11	15	15.02
Societe Generale 5⅛ 95	0⅛	99	99⅛	1/9	15.31	15.43
Standard Chart. 5⅛ 91	0⅛	100⅛	100⅛	14/11	14⅛	14.89
Sweden 5⅛ 89	0⅛	99⅛	99⅛	28/8	15.31	15.45
Toronto Domin'n 5⅛ 92	0⅛	98⅛	99	11/2	14.31	14.51

Average price changes... On day −0⅛ on week 0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem.
Ajinomoto 5⅛ 96	7/81	933	79⅛	81⅛	+0⅛	8.74
Bow Valley Inv. 8 95	4/81	23.12	86	87⅛	−0⅛	45.33
Bridgestone Tire 5⅛ 96	3/82	470	84	85⅛	−0⅛	1.99
Canon 6⅛ 95	1/81	738.3	99⅛	101⅛	+2	6.08
Canon 7 97	7/82	748.1	111	112⅛	+0⅛	3.69
Chugai Pharm. 7⅛ 96	7/82	769.6	105⅛	106⅛	−2⅛	5.49
Fujitsu Fanuc 4⅛ 96	10/81	5641	81⅛	82⅛	−0⅛	25.24
Furukawa Elec. 5⅛ 96	7/81	300	90⅛	92⅛	−0⅛	−3.17
Hitachi Cable 5⅛ 96	2/82	515	86⅛	88⅛	−1⅛	1.41
Hitachi Cred. Cpn. 5 96	7/81	1612	86⅛	88⅛	−1⅛	15.38
Honda Motor 5⅛ 97	3/82	841	88⅛	89⅛	−0⅛	8.98
Kawasaki 5⅛ 96	9/81	229	84⅛	85⅛	−2	14.28
Marui 6 96	7/81	846.4	92⅛	93⅛	−0⅛	5.70
Minebea 5⅛ 97	10/82	526.4	77	78	−0⅛	23.03
Minolta Camera 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−9.86
Murata 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.07
NKK 6⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.77
Nippon Electric 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.22
Orient Finance 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.98
Sanyo Electric 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.98
Sumitomo Elec. 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	39.25
Sumitomo Met. 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	29.99
Konishiroku 6⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.08
Mitsubishi H. 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.51

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

MBB seeks defence know-how from AEG

By Kevin Done in Frankfurt

WEST GERMAN aerospace group, Messerschmitt-Bölkow-Blohm (MBB) is seeking to acquire access to AEG-Telefunken technology in the key areas of defence and space systems.

MBB said yesterday that talks had been taking place for several months. It would not release details of a possible co-operation deal between the two companies, but said it was interested in the transfer of technology and the acquisition of licences.

AEG is a leading contractor to the West German state for electronic warfare systems and is also a leading world supplier of satellite communications systems. MBB would be willing to pay a sum close to DM 100m for access to technology but is not interested in taking over manufacturing capacity from the financially-stricken West German electrical group.

AEG completed a further small step in its restructuring yesterday with the disposal of Signalbau Huber-Designa (SHD), a Munich-based subsidiary.

SHD, which manufactures road traffic signalling systems, has been acquired by Herr Reinhard Müller, a Stuttgart businessman, who owns Müller Verkehrstechnik, the medium-sized traffic systems company. SHD had sales last year of DM 70m ($28.3m).

AEG is expected to take a major step towards avoiding bankruptcy today with the approval by the West German Cabinet of its application for a DM 1.1bn state loan guarantee. The guarantee is a pre-condition for the company's West German banking consortium also granting in full an additional DM 1.1bn in new loans.

Bonn is seeking to persuade the provincial state governments to provide counter-guarantees for around half of the DM 1.1bn state guarantee. Yesterday, the state of Hessen became the first provincial administration to formally agree to take part in the action.

Marietta in court bid to halt Bendix

By Richard Lambert in New York

MARTIN MARIETTA yesterday turned to the Courts as part of its all-out effort to halt the unwelcome takeover bid from Bendix. It filed a suit in a Maryland Federal Court alleging that the Bendix offer was illegal and would cause "irreparable harm" to Martin Marietta's customer base and shareholders. The suit claimed $100m in damages.

Meanwhile, Bendix called a hurried board meeting yesterday morning to consider its response to Monday's takeover bid from Martin Marietta. Bendix's earlier offer for Martin Marietta had been dismissed as inadequate.

Martin Marietta's counterbid is becoming a popular strategy on Wall Street, and has already been used this year by Cities Service and NLT Corporation in response to unwelcome takeover approaches.

Martin Marietta is attempting to encourage Bendix shareholders to accept its offer quickly, by making a generous cash offer for just over half the Bendix shares, and promising much less attractive terms for the rest of the shares. The cash offer is worth $75 a share and the paper offer for the rest may be worth no more than about $55 a share.

The bid by Martin Marietta, a diversified aerospace group, is not conditional on any minimum number of acceptances. This is regarded as evidence of its determination to buy control of Bendix, which makes automotive components, aerospace electronics and a range of industrial products.

Bendix shares, suspended at $57 on Monday, did not trade yesterday morning. An early indication for Martin Marietta's price was $35 to $40, compared with the Bendix offer of $43 for just under half its shares.

New chief executive for Orion

By William Hall, Banking Correspondent

MR JOHN ABELL, a vice chairman of Wood Gundy, the stockbroking firm, is to take over as chief executive of Orion Royal Bank, from Viscount Hardinge, who was appointed to the post last year following the bank's acquisition by the Royal Bank of Canada.

The Royal Bank of Canada said yesterday that Mr Abell, 51, will play a key role in broadening Orion's range of investment banking products and services; and in expanding its geographic coverage.

LOSS OF C$103m AS DEBT TALKS CONTINUE

Dome deficit worse than expected

BY ROBERT GIBBENS IN MONTREAL

DOME PETROLEUM, the troubled Canadian energy group incurred a loss of C$103.2m (US$83.3m) for the first half of 1982 against a profit of C$114.4m a year earlier.

The loss was higher than many oil industry analysts expected, but it was increased by an unrealised after-tax loss on foreign exchange translation of C$48.2m. This is an accounting loss only.

The cash flow was C$27.3m against C$186m, and analysts estimate that discretionary cash flow and interest and dividends was slightly positive in the six months.

Dome's preliminary report had been delayed for several weeks because of negotiations with its bankers and the Canadian Federal Government on debt restructuring.

The group said the talks were continuing and final arrangements had not been made. It was hoping to extend the term of a portion of its debt due within one year.

Dome has C$1.3bn short-term debt due by the end of Setember and a total debt of more than C$4bn.

Analysts believe an agreement is near which would lead to the banks taking up new preferred stock of Dome in place of some debt. They are concerned about the prospects of heavy dilution that this would entail but do not doubt that the restructuring will go through.

The preliminary report said the unrealised exchange loss in the first half occurred because much of its debt was in U.S. dollars.

Such gains or losses, when applied to short-term debt, have to be accounted for immediately. At June 30 the Canadian dollar was near the low for the year against the U.S. currency. At the present level of the Canadian dollar, the loss would have been C$20m after tax.

Dome said the results for the latest period are not comparable with a year earlier because of consolidation of Hudson's Bay Oil and Gas and Davie Shipbuilding, two recent acquisitions, and special financing charges relating to Hudson's Bay.

Volvo interim profits doubled

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

VOLVO, the Swedish automobile, engineering and trading group, more than doubled earnings to SKr 1.52bn ($247m) in the first half of this year.

The profit advance came from cars and the first time consolidation of the Beijerinvest group. Group sales climbed by 35 per cent to SKr 34.1bn.

Pre-tax profit surged from SKr 424m in the second quarter of 1981 to just over SKr 1bn in April-June this year. First quarter earnings amounted to SKr 516m against SKr 280m. Beijerinvest was consolidated into the Volvo accounts only in the second quarter of 1981.

The half-year profits of SKr 1.52bn compare with the SKr 1.4bn recorded for the whole year of 1981. Over the 12 months to the end of June, the Volvo group turned in a pre-tax profit of SKr 2.24bn on a turnover of SKr 63.3bn and achieved a pre-tax return on total capital employed of 17.7 per cent. The return on equity after tax for the 12 months was 21 per cent.

Car sales grew by 38 per cent to SKr 8.95bn in half year and increased their shares of a declining world market, with a particularly strong advance in the U.S. The production programme for 1982 has now been raised to 310,000 cars (including the 340 models made in the Netherlands). This compares with outputs of 290,000 last year and of 269,000 in 1980.

Sales of trucks increased by 47 per cent to SKr 5bn and truck earnings were higher than in first six months of 1981.

Other group operations are stated to have shown generally unchanged results during the period.

Turnover in the energy companies rose by 56 per cent to just under SKr 14bn. The largest, STC, achieved a "considerably higher" profit on its trading, but this gain was partly offset by increased interest costs arising from its investments in oil and gas exploration.

The group's investments in fixed assets during the half year amounted to SKr 1.54bn, of which SKr 448m went to the transport equipment companies. Spending on oil and gas exploration reached SKr 783m. Group liquid assets at the end of June totalled SKr 6.15bn, an increase of SKr 677m from the turn of the year.

REIT in default on public debt

By Paul Taylor in New York

INSTITUTIONAL Investors Trust, a small U.S. real estate investment trust (REIT), said yesterday that it is in default on some of its public debt.

The trust, which in common with other REITS has been squeezed by a rental property glut and heavy loan portfolio at a time of high interest rates, said it did not have enough cash to meet both its short-term operating needs and interest payments on its 8½ per cent first priority subordinated notes, due in 1987.

Institutional Investors Trust has assets of $40m and a negative net worth of $14m. It currently has $32m in bank debt and is in negotiations with its bankers over a potential financial restructuring. The trust's major shareholders include several pension funds.

As a result of the default, the Pacific Stock Exchange has halted trading on the notes.

Electrolux earnings edge ahead

BY OUR STOCKHOLM CORRESPONDENT

ELECTROLUX, the Swedish household appliances group, yesterday reported a slight improvement in pre-tax earnings, from SKr 261m to SKr 275m ($44.7m), in the first half of the year. Group turnover climbed by 14 per cent to SKr 13.86bn, with sales to customers outside Sweden accounting for 70 per cent of the total.

The half year result includes currency losses of SKr 6m against losses of SKr 69m in the first half of last year. Without this improvement in exchange differences—the result of "rearranging currency exposure"—the pre-tax profit shows a fall from SKr 330m to SKr 281m.

The operating profit edged ahead by SKr 3m to SKr 861m, but net financial losses, excluding the exchange differences, grew by SKr 52m to SKr 580m.

The pre-tax profit before currency losses for the whole of 1982 is expected to exceed the SKr 508m recorded last year, when earnings were almost halved and Electrolux failed to achieve a profit increase for the first time since 1975. Foreign exchange losses are also expected to be considerably lower than the SKr 153m posted last year.

The SKr 275m pre-tax profit shown in the first half includes a loss of SKr 53m by Gränges, the metals and engineering subsidiary which provided SKr 3.12bn of group sales. This loss includes the interest charges on the debenture issued to finance the purchase of Gränges.

Moves have been taken to reduce fixed costs and the amount of capital tied up in Gränges, including the sale of its head office building in Stockholm.

Zenith Radio omits payout

By Our New York Staff

ZENITH RADIO, the Illinois-based consumer electronics company, yesterday omitted its third quarter dividend, citing its losses in the first half of the year and the need to conserve cash for capital spending.

Zenith had been paying 7.5 cents a share quarterly, down from 15 cents in September last year. The company reported a first half loss of $6.5m.

Bad debt provisions hit results at Rabobank

By Walter Ellis in Amsterdam

RABOBANK, the second-largest bank in the Netherlands, recorded a 4 per cent fall in net profits during the first half of this year, mainly due to a 20 per cent increase in its provisions for bad debt.

Earnings reached Fl 243m ($90m) against Fl 253m in the first half of 1981. The balance sheet total rose by 2 per cent to just over Fl 112m.

Rabo attributes the poor results to weak demand for credit as well as to the rise in debt provision. Income from interest rose by 13 per cent, but so did costs, mainly because of increases in wages and salaries.

Bad debts have affected all Dutch banks this year. In the case of Rabo, which is a federation of agricultural co-operative banks, the situation has been especially bad because of the deterioration of the Dutch farming economy.

For 1982 as a whole, Rabo expects profits somewhat down on the Fl 525m of 1981.

● Friesch-Hollandsche Hypotheekbank is the latest Dutch mortgage bank to run into financial difficulties. One of the smallest of the mortgage banks, it made a net profit of only Fl 240,000 in the first six months of this year and fears a loss in the second half. The bank is seeking a takeover by a larger financial partner.

Two months ago, Tilburgsche Hypotheekbank had to ask for a moratorium on debt repayments, and in August Westland-Utrecht, the largest of the mortgage banks, was saved from possible bankruptcy only by the last-minute intervention of insurance group, Nationale-Nederlanden, and the Dutch civil service pension fund.

Friesch-Hollandsche has only Fl 87m in outstanding mortgages at present and made a profit last year of less than Fl 48,000.

John Wicks reports on the collapse of a major catering chain

Wienerwald faces heavy pruning

THE FINANCIAL crisis at the Wienerwald catering group has forced the Liechtenstein-based Friedrich Jahn Foundation to start bankruptcy proceedings. This step has become necessary given the foundation's DM 150m exposure towards group companies.

At the same time the group's Luxembourg financing subsidiary Gastrofinance, has instituted composition proceedings. The company has bank debts SwFr 96m (US$46m) covered in part by DM 60m of guarantees granted by the German arm of Wienerwald.

In Germany itself, the restaurant-supply subsidiary, Vierlande, has applied for composition of its debts while the "Tourotel" hotel in Berlin is to go into bankruptcy.

These moves follow the debt composition measures announced in the past few days by *Wienerwald Holding* in Switzerland, Wienerwald in Germany and the company founder, Herr Friedrich Jahn.

It was disclosed at a Press conference in Munich yesterday that the Swiss holding company will aim for a 60 per cent settlement of its debts and Wienerwald of Germany 40 per cent.

Dr Josef Füchsl, a Munich lawyer who has taken over responsibility for administration of the German company's composition proceedings, said a settlement needs the co-operation of creditors and the public. A creditors' meeting is likely to take place in Munich in December and in Switzerland for the holding company in about March of next year.

Dr Füchsl said that a loan of between DM 5m and DM 10m was being sought to help tide the German company over. At present, its suppliers are being paid in cash.

Mr Günter Steinberg, chairman of the group management, said *that the various* composition and bankruptcy proceedings had been the result of a move by a single bank to secure Wienerwald assets.

Mr Steinberg added that some banks had been concerned at the group's sales weakness. In Germany sales for the first seven months of 1982 had fallen by 6.9 per cent on the part of group-owned operations. Franchised units had seen sales drop by 4.7 per cent.

He said that there was impatience at the inability of the group to dispose of hotels "overnight." However, two German "Tourotels" are currently the subject of sales negotiations.

In America Wienerwald is in the process of divesting its International House of Pancakes (IHOP) chain of 525 fast food restaurants and the 273-strong, loss-making Lums restaurant chain.

Wienerwald foresees the disposal of 70-80 restaurants in the Federal Republic. At the same time, the number of restaurants actually owned by the concern is to be reduced from 222 to "the hundred best units," with around [illegible] restaurants sold to franchise operators.

The various settlement and divestment measures do not affect the profitable Austrian subsidiary, which operates [illegible] restaurants and five hotels and is wholly independent of the Swiss holding company. Also unaffected are the IHOP [illegible] and the Bahamas-based [illegible] rich Jahn Trust as well as a number of smaller operations.

The Friedrich Jahn Trust [illegible] administered by a bank independent of the Jahn family and among other assets owns the Lums chain.

Mr Steinberg said the group's first consolidated balance sheet will be ready to present to banks at the end of this week. This has been compiled with the aid of the international auditing firm Coopers and Lybrand.

Fiat acquires 40% stake in Trieste-based insurer

BY OUR ROME CORRESPONDENT

ITALY'S Agnelli family, which controls the Fiat motor group, has signalled its intention to move back into the insurance industry by purchasing a 40 per cent stake (making it the largest single shareholder) in the Trieste-based Lloyd Adriatico insurance concern.

The deal, which reputedly cost between L40bn and L50bn ($36m), comes six years after the Agnellis surrendered majority control of the SAI insurance group. Of the new shareholding, 19 per cent will be held directly by Istituto Finanziario Industriale (IFI), the Agnelli family holding company, and the remaining 21 per cent by its associate, IFIL.

The remainder of Lloyd Adriatico's L12bn capital will continue to be divided between Gottard Finanz of Lugano—which sold the 40 per cent to IFI/IFIL—and employees

The agreement fits in with the strategy of IFI, which holds the controlling stake of around 30 per cent in Fiat, Italy's largest private industrial concern, aimed at widening its involvement in financial services.

The insurance company, for its part, stands to strengthen its position both in Italy and abroad. In 1981, Lloyds Adriatico reported a premium income of L274bn. Its cash-flow last year reached L58bn, and net profits L4.8bn. Currently it has a network of 509 branch offices throughout Italy.

Fiat is expected to unveil its 1981 results some time this month. They will be the company's first ever consolidated accounts, and are being prepared by international accountants, Arthur Anderson.

Profits of around L50bn to L60bn are expected, in contrast to losses of L240m in 1980.

Steel sector losses may leave Korf Stahl in red

BY JONATHAN CARR IN BONN

KORF STAHL, the West German steel, engineering and process plant group, may be in the red again this year in spite of profitable plant and technology business.

Herr Willy Korf, chief executive, made it clear that the good results from this side of the group's activities could be outweighed by losses in the steel sector.

The result is the more disappointing since the plunge into the red in 1981 was primarily because of special expenditure factors which will not be repeated this year.

The main burdens came from the write-off of Korf's 25 per cent stake in Norddeutsche Ferrowerke, which has filed for bankruptcy, and restructuring costs at Mohr and Federhaff, the engineering subsidiary. These two items together cost Korf more than DM 50m.

The upshot was that group profit of DM 25.7m in 1980 turned into a loss of DM 34.[illegible]m ($13.8m) last year — and the parent, Korf Stahl AG, was DM 18.7m into the red after a profit of DM 1[illegible].5m.

Last year, consolidated group turnover rose by 13.6 per cent to DM 1.27bn—thanks mainly to sharply increased sales by Korf Engineering which went up to DM 268m from DM 18.7m.

Crude steel production was down to 1.4m tonnes after 1.5m in 1980, and rolled steel production almost static at just over 1m tonnes.

Hamburger Stahlwerke, in which Korf has a 51 per cent stake, made a loss last year and is expected to be in the red in 1982 as well. On the other hand, Herr Korf hopes for a profit this year from Badische Stahlwerke, in which Korf has a stake of 90 per cent.

Italian publisher slides into deficit

BY RUPERT CORNWELL IN ROME

SPECULATION is once again rife over the future of Italy's largest publishing group, Rizzoli, which as just reported a substantial loss for 1981.

Just how big the deficit was is not entirely clear. Rizzoli's balance-sheet shows an accounting loss of almost L13bn ($9.5m), compared with a profit of L4.2bn for 1980.

But Sig Angelo Rizzoli, president of the troubled group which is 40 per cent-controlled by the Nuovo Banco Ambrosiano, has declared in an interview that the overall 1981 deficit was in fact L60bn.

The main culprit is the cost of financing debts, which at the end of last year stood at around L300bn. Servicing this cost about L70bn last year.

The bulk of the borrowing was from the Banco Ambrosiano of the late Sig Roberto Calvi, which in April, 1981, acquired an equity stake of 40 per cent in the publishing concern, held through its financial subsidiary La Centrale.

Following the collapse of the old Ambrosiano, all its Italian interests were transferred to its successor — including La Centrale and its controversial holding in Rizzoli. Nuovo Ambrosiano has pledged to comply with the regulations of the Bank of Italy and divest itself of the Rizzoli holding as soon as possible, and certainly within the next six months.

But the acute interest of Italy's political parties in the fate of Corriere Della Sera, the country's biggest selling newspaper, as well as of the other dailies controlled by Rizzoli, means that this will be an immensely delicate transaction.

Sig Rizzoli, who still insists that majority control of the group rests with himself and Sig Bruno Tassan Din, Rizzoli's managing director, confirms his readiness to sell. But he warns that the consent of the major political parties is essential for any transfer of ownership to go through.

This year's results, thanks to a capital increase which provided L153bn of new funds, and progress with the current rationalisation programme, should be much better, he claims.

The group would like to reorganise its finances by consolidating its debts on a medium- and long-term basis. But Sig Rizzoli expresses his fear that creditor banks would refuse to extend further funds, pressed by "certain politicians" who believe that liquidation of Rizzoli is the simplest way out of the tangle.

These suspicions have been fanned by the decision of Nuovo Banco Ambrosiano to demand repayment of a L20bn credit to Rizzoli, issued in the form of a banker's acceptance by the old Ambrosiano, which expires early this month.

مكتبة ابن الأصل

INTERNATIONAL COMPANIES AND FINANCE

Second-half downturn at Safmarine

By Our Johannesburg Correspondent

SAFMARINE, the South African shipping line, increased its profits for the year ended June 30 1982 despite a sharp reversal in the final six months.

For the year as a whole revenue rose by 26.5 per cent to R715.5m ($630.4m) from R565.4m, while pre-tax trading profit before interest advanced by 5.9 per cent to R134.3m.

At the interim stage the management warned that growth in trade had begun to slow. This showed through in second-half trading profits of R63.3m, down from R71m in the first half of the financial year.

The group has had to contend with sharply lower cargo volumes, particularly on the import run, but as yet has shown no signs of withdrawing vessels.

Earnings per share increased to 87 cents from 79 cents and the total dividend has risen to 35 cents from 32 cents.

Woolworths statement adds to Grace confusion

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE INCREASINGLY complex and otherworldly controversy over Woolworths of Australia's last-minute about-face over its A$186m (US$183m) bid for rival retailer Grace Brothers Holdings was given a fresh twist yesterday.

In a statement to Australian stock exchanges, Woolworths said it was not formally withdrawing its offer. But it said it would rescind all contracts arising from acceptance of its offer for Grace Brothers shares, in view of the weak financial position revealed by Grace Brothers' 24.8 per cent fall in profits for the year to July 31.

Two of Grace Brothers' major shareholders, the Adelaide Steamship group, which owns 20 per cent, and Bond Corporation, which also owns 20 per cent, have reacted sharply, and are thought to be contemplating court action.

News of Woolworths' change of heart came late last Friday. Mr John Spalvins, chief executive of Adsteam, said his board would meet soon to consider this "unique situation." An executive of Bond Corporation said he would be astonished if Woolworths' proposed action did not amount to unacceptable conduct under the Australian takeover code.

All four large shareholders had previously signalled their acceptance of Woolworths' offer.

Grace Brothers' profit for the year to July 31 fell from A$17.78m to A$13.37m—amounting, in Woolworths' view, to a material change of circumstances sufficient to justify withdrawal of its bid.

Mr Michael Grace, chairman of Grace Brothers, has described Woolworths' behaviour as "unbelievable."

● G. J. Coles yesterday confirmed consolidation of its position as Australia's top retailer, reporting record net profits of A$68.79m (U.S.$66.73m) for the year to July 25.

This was a 10.26 per cent improvement on the net A$62.39m seen the previous year, and was achieved on sales of A$4.04bn, against A$3.24bn.

The annual payout is being raised from 16 cents to 17 cents a share, covered by earnings per share of 33.18 cents (30.72 cents).

The main factors in its growth, said the group, were its K-Mart and supermarket sales, though subsidiaries in the liquor and footwear area—purchased last year—had all contributed to profits.

Coles' recent prosperity stands in contrast to that of other Australian retailers. Its nearest rival is Woolworths, which in its last interim period reported a 10.35 per cent slide in profits. In its last full year, Woolworths' sales totalled A$2.62bn.

Bajaj Auto blames Piaggio for setback

By R. C. Murthy in Bombay

BAJAJ AUTO, India's most successful motor-scooter manufacturer, has threatened legal action to prevent Piaggio of Italy from supplying technology to Indian companies for "Vespa" scooter manufacture in India.

Mr Rabhul Bajaj, the chairman, says the move is in retaliation for Piaggio placing obstacles in the way of Bajaj scooter exports worldwide. If Mr Bajaj translates the threats into action, the Vespa scooter projects of Lohia Machines and Andhra Pradesh Scooters could be delayed indefinitely.

Piaggio, whose technical collaboration agreement with Bajaj Auto expired four years ago, has filed law suits in the U.S., the UK, West Germany and Hong Kong to prevent Bajaj scooter sales in those countries.

Scooter exports from Bajaj Auto have fallen to Rs 52m ($5.4m) in the year to March 1982 from Rs 133.2m in 1980-81.

Sales and other income of the company rose by 5 per cent to Rs 1.16bn from Rs 1.10bn. Profits before tax were halved to Rs 63m from Rs 121m and after-tax profits declined to Rs 26.5m from Rs 48.1m but the company has maintained its dividend for 1981-82 at 25 per cent.

Production in 1981-82 was 136,186 two-wheelers (including 3,850 fuel-efficient 50 cc motor cycles introduced on the market recently) and 18,501 three-wheelers. The decline in production was due to labour unrest at the Pune factory. The new 50 cc motorcycle designed and manufactured by Bajaj has been a roaring success and the company has decided to double production capacity of this model to 60,000 units a year by 1985.

MALAYSIAN RESULTS

Promet lifts first-half profits by 44%

BY WONG SULONG IN KUALA LUMPUR

PROMET, the Malaysian-Singapore oil rig building and construction group, has reported a 44 per cent rise in pre-tax earnings to 27.7m ringgit (U.S.$ 11.8m) for the half year to June on turnover up 40 per cent to 240m ringgit. Net profits were 30 per cent better at 18m ringgit.

The bulk of earnings came from the oil rig and marine fabrication activities carried out by the Singapore subsidiary, Promet Private. Second-half earnings similar to those of the first are expected.

● UAC (formerly United Asbestos Cement) lifted pre-tax profits by only 3.6 per cent to 28.3m ringgit for the year ended June. After-tax profits were 1.3 per cent higher at 15.3m ringgit. Sales rose by 5 per cent to 114m ringgit.

The company had enjoyed earnings growth of more than 30 per cent for the previous few years, and registered a 48 per cent increase in pre-tax profits to 15.3m ringgit in the first half of 1981-82.

The second-half setback is believed to be due to a slow-down in government public works and private construction, as well as to keen competition.

A final dividend of 12.5 cents makes 25 per cent for the year on the capital. 21 per cent higher at 52.6m ringgit.

○ TWO MAJOR Malaysian plantation groups—Highlands and Lowlands and Malaysian Plantations—have reported falls in profits because of sharp rises in production costs and depressed commodity prices.

Agricultural profits at High and Low, Malaysia's fifth largest plantation company, fell by 22 per cent to 10.8m ringgit for the six months ended June, on turnover 5 per cent lower at 49m ringgit. However, investment income rose from 4.9m ringgit to 9m ringgit so pre-tax profits were 19.8m ringgit, 1m ringgit higher than before. After-tax profits were marginally higher at 11.5m ringgit.

Malaysian Plantations, which is part of the Chinese Multi-Purpose Holdings group, reported a 73 per cent plunge in pre-tax earnings to 1.6m ringgit for the half year to June on turnover down 20 per cent to 14m ringgit.

High and Low is paying an unchanged interim dividend of 5 cents, and Malaysian Plantations' payout is also unchanged at 6 cents.

High and Low said the second half had seen a further deterioration in commodity prices, and the final dividend could be cut.

● EAST ASIATIC Company of Malaysia saw pre-tax profits for the half year to June fall to 2.4m ringgit from 12.6m ringgit. After-tax profits were 1.7m ringgit compared with 8.2m and earnings per share fell to 2.3 cents from 10.9 cents. Turnover was down 6 per cent to 140m ringgit.

EAC has interests in trading, manufacturing, brewing and plantations. It put the blame for the poor results on the deepening recession in Malaysia.

WORLD STOCK MARKETS

Optimistic tone on Wall St

PRICES were moderately higher at midsession, boosted by a 1.3 per cent rise in the index of leading economic indicators for July.

The Dow Jones Industrial average gained 2.86 to 896.16 at noon. Advances led declines by a nine to four ratio and turnover totalled 43.27m shares.

Analysts said the July rise in the indicators, the fourth consecutive monthly rise, supported widespread projections that the economy would turnround in the autumn.

Mr Malcolm Baldridge, Commerce Secretary, said "the significant pickup in the leading index for July, coming on the heels of three previous monthly gains, is encouraging evidence that economic recovery is about to get under way."

Defence stocks were strong, possibly in response to the continuing turmoil in the Middle East. Mr Caspar Weinberger, Defence Secretary, said the U.S. was ready to offer military and economic aid to Lebanon. Lockheed added $1¼ to $61¼, Northrop $1¾ to $57 and General Dynamics $¾ to $33¾.

Building supply stocks lost ground folowing the bankruptcy of Manville last week.

Eastman Kodak climbed again to $82 in heavy trading. Analysts said sales of the company's new disc camera were higher than expected.

THE AMERICAN SE Market Volume index added 3.48 to 279.77. Volume was 4.85m (2.85m).

Canada

Toronto stocks were sharply higher at midsession. Resource issues led the advance. The Composite Index was up 23.5 at 1,609.3 on volume of 3.25m shares. Gains outnumbered lossses by 236 to 119.

Texaco Canada was up $1¾ at $32. Imperial Oil Class "A" rose $1 to $29½. Gulf Canada rose $½ to $16½ and Alberta Energy Company improved $½ to $14½.

One analyst said the rise in the price of some major oil companies could reflect the shortage of well-capitalised companies available for investors.

The Vancouver Exchange index was up 1.67 at $13.85 on volume of 3.54m shares.

Tokyo

Trading was dull throughout the day. Investors were more concerned about the yen's latest slide against the dollar than encouraged by the overnight advance on Wall Street.

The Nikkei Dow Market Average added 4.53 to close at 7,123.38 after late demand for Blue Chip stocks in Auto, Light Electricals and Precisions. The Tokyo Stock Exchange Index added 0.42 to 530.48 on thin volume of 120m shares.

Among Electricals, Sony rose Y110 to Y3,490, Hitachi added Y7 to Y620 and Nippon Electric Y6 to Y798, but TDK Electronics fell Y40 to Y3,850.

Germany

Share prices rose in Frankfurt. Gains began early following New York's higher close and on bargain hunting at lower levels after yesterday's falls, dealers said. The Commerzbank index rose 4.7 to 673.5.

Dresdner Bank closed DM 3 higher at DM 121.70 as Deutsche Bank gained DM 2.70 to DM 256.50 and Commerzbank rose DM 1.90 to DM 120.20.

In Cars, VW moved against the trend to finish DM 0.60 at DM 133, but Daimler added DM 2 50 to DM 305 and BMW rose DM 1.70 to DM 182.70. In Engineerings, KHD ended DM 2.50 higher at DM 185 and Deutsche Babcock DM 1.50 up at DM 157, but Linde fell DM 1.30 to DM 282.

Dealers said Chemicals fell on foreign selling, which took Bayer, BASF and Hoechst all down DM 0.50 to DM 108, DM 111.50 and DM 105.50 respectively. In Electricals, AEG lost earlier gains and finished unchanged at DM 33.

In Steels, Hoesch added DM 1.50 to DM 33, as Kloeckner and Thyssen rose DM 0.50 to DM 52 and DM 81.60.

Paris

Share prices were mixed in moderate trading. Dealers said the market was encouraged by Monday's firmer Wall Street close and the continuing boost to the market of measures announced last week aimed at encouraging savers to invest in shares and bonds. However, this mood was restrained by the pessimism about the economic outlook expressed recently by EEC Finance Ministers and a feeling that the recent fall in U.S. interest rates may be over for the moment.

Banks, Engineerings, Chemicals and Constructions were steady. Foods, Stores and Oils rose, while Portfolios, Electricals and Metals were mixed.

In Foreigns, Americans and Japanese rose, Germans were slightly easier and Coppers fell. Dutch and Oils were mixed.

Hong Kong

The stock market closed easier in thin trading on the belief that the fall in interest rates would not continue in the short-term, brokers said. Most selling occurred in the morning, and the Hang Seng index closed down 13.30 at 1,035.33. The market was also depressed by an early weakening of the HK dollar against the U.S. currency, although it did firm in later trading.

Brokers said properties were depressed by recent poor profits. Cheung Kong fell 30c to $10.60, HK Land 15c to $6 and Hutchison Whampoa lost 30c to $11.50. Carrian Investments fell 10c to $2.35 HK Wharf 12.5c to $3.65 and Sun Hung Kai Properties 10c to $5.

Australia

Prices changed little in quiet trading, with overseas investors absent, brokers said. The All Ordinaries index closed 0.8 up at 482.6, boosted by a 2.3 point rise in the All Resources index to 379.6. The All Industrials fell 0.9 points to 610.4. CRA fell 7c to $3.55 on a half-year loss of $33.10m.

Woolworth fell 5c to $1.39 and Grace Bros closed off 30c at $2.80 after Woolworth reaffirmed it was not going ahead with the Grace Bros takeover.

In Melbourne, selected Miners and Industrials gained ground in quiet trading. Brokers said the improvement in the Hong Kong gold price helped lift metal stocks.

Switzerland

Prices closed mostly steady in moderate trading, with hopes the firmer trend on Wall Street would counter the effect on prices of yesterday's rise of the dollar, dealers said.

The easier trend of the Swiss franc against the U.S. currency caused buying from abroad to dry up for the time being, they said, adding that domestic investors were waiting for a further consolidation of the Bourse after last week's gains.

The Swiss bond market closed barely steady on foreign exchange considerations and slightly higher Eurodollar rates, bond dealers said.

Amsterdam

Stocks closed mixed in quiet trading as the international sector firmed, but shipping issues came under pressure, brokers said.

The ANP-CBS General index was up 0.1 at 86.4 and gains were just ahead of losses at 76 to 71, with 60 issues unchanged.

In the International sector, Royal Dutch/Shell moved up to recover part of Monday's losses followed by Unilever and Philips.

In Shipping, Van Ommeren dropped Fl 3.20 to Fl 18.10 in selling pressure following first half results showing net profits sharply down. Nedlloyd also lost ground.

Closing prices for North America were not available for this edition.

Markets resume trading with fresh reaction in Gilts
Equities restrained by continuing economic worries

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 16	Sept 2	Sept 3	Sept 13
Sept 6	Sept 16	Sept 17	Sept 27
Sept 20	Sept 30	Oct 1	Oct 11

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets resumed trading after the holiday weekend on a subdued note. Government stocks continued their recent reactionary trend in the absence of any fresh investment support and the equity sectors were content to follow.

Firmer short-term U.S. interest rates along with sterling's continued easiness against the dollar dampened investment incentive in the Gilt-edged sector. Profit-taking was again a factor initially, but the offerings were not unduly heavy and falls, which stretched to a point among the longs, were later reduced to ½ and, in some cases, to only ¼ by the close.

Short-dated issues also picked up from the worst in places, although final losses still extended to around ½ on balance. The Government Securities index eased further from its recent near 5-year peak to close 0.27 off at 77.43.

Interest in leading shares was at a low ebb with potential buyers showing a marked reluctance to operate following gloomy CBI forecasts about the UK and world economic scenes. Against this backdrop, dealers opened blue chip shares a few pence lower. Sellers were scarce, however, and the later recovery in Gilt-edged triggered a similar movment in equities which left most values little altered on balance.

The overall narrow fluctuation of the equity leaders was illustrated by the FT Industrial Ordinary share index. This measure showed a relatively minor fall of 2.9 at the 10.00 am calculation and gradually picked up to close only 0.8 down on the day at 572.7.

Few features emerged from company trading statements and weekend Press mention, but Oils provided one of the few noteworthy sectors with the firmness here owing much to transatlantic advices and American buying of British Petroleum.

Standard Chartered

Publicity given to a broker's adverse circular unsettled Standard Chartered which closed 9 lower at 369p. Elsewhere in a colourless banking sector, Charterhouse eased a penny to 78p ahead of tomorrow's interim results. Hambros cheapened 2 to 110p and Kleinwort Benson gave up 4 at 252p. Dull last week on concern about the effect of lower base lending rates on profits, the major clearers edged higher in thin trading. Barclays picked up 4 to 356p and Midland hardened a couple of pence to 304p.

Awaiting their respective interim statements today, Sun Alliance eased 4 to 760p and GRE softened 2 to 302p. Phoenix, which also reports half-yearly figures today, touched 260p before closing unaltered at 262p. Other Composites drifted lower with Eagle Star 4 down at 336p and Commercial Union the turn off at 131p. Life issues came on offer. Britannic lost 4 to 288p and Prudential 3 to 268p.

Breweries drifted to lower levels with the exception of Scottish and Newcastle which, in receipt of favourable comment, added the turn at 74p. Elsewhere, Tomatin attracted a fair measure of speculative support and touched 50p before settling with a net gain of 2 at 47p; the interim dividend season for Distilleries begins shortly.

Mixconcrete featured Buildings with a gain of 12 to 182p following the increased bid, worth 180p per share, from Pioneer Concrete. Elsewhere, renewed support lifted John Finlan 3 to 138p, while Bett Brothers improved a couple of pence to 49p. Demand in front of today's interim results lifted Marchwiel 3 to a 1982 peak of 147p, but Derek Crouch, also due to report half-yearly figures today, shed that much, to 112p. Travis and Arnold gained 4 to 208p; the interim statement is expected soon. Leading issues were inclined easier in places, Tarmac losing 6 to 350p and Redland 2 to 198p. George Wimpey softened a penny to 123p, while London Brick, a firm market recently on better-than-expected half-yearly results, gave up the same amount at 116p.

Interest in ICI remained at a low ebb and the price settled 2 cheaper on balance at 278p. Amersham lost the turn to 243p. Among other Chemicals, R. H. Morley dropped to 13p before closing a net 3 down at 15p on the annual loss and dividend cut. Thurgar Bardex hardened ½ to 11½p; Sharnaware have acquired a near-8.5 per cent stake in the company.

Lambert Howarth pleases

The absence of investment interest in Stores left the leaders a shade easier for choice. Gussies "A" shed a few pence to 520p and House of Fraser dipped 2 to 156p. Further consideration of the poor preliminary results clipped a penny more from Waring and Gillow, 67p, but revived speculative demand lifted Courts Furnishers "A" 2 to 81p.

Among Shoes, Lambert Howarth, which announced higher interim profits and an increased dividend, rose 4 to 75p.

Renewed selling in the wake of the poor figures and news of accounting discrepancies in the company's Pendle Connectors division saw Ward and Goldstone slump to a 1982 low of 42p before a close of 43p, down 5 on balance. Elsewhere in Electricals, Eurotherm gave up 5 to 500p as did United Scientific, to 342p. Continental Microwave, on the other hand, advanced 25 to 500p in response to satisfactory preliminary figures, while Cambridge hardened a penny to 168p on an investment recommendation. Among the quietly firm leaders, Plessey, 510p, and Thorn EMI, 452p, added 2 apiece.

The Engineering sector, which has been unsettled of late by the problems within the motor industry, took a further knock from the gloomy CBI survey. TI lost 4 to 98p and its troubled subsidiary, British Aluminium softened 2 in sympathy to 40p. Davy Corporation dipped 3 more to a 1982 low of 104p and Deritend dropped 4 to 75p. ML declined 5 to 250p as did Yarrow, to 365p, while Haden lost 3 to 197p. Thomas Robinson lost the turn to 30p on the announcement of a £0.5m first-half deficit and dividend omission. Against the trend, Hill and Smith rose 3½ to 53p.

Fresh demand in front of tomorrow's half-yearly results helped Cadbury Schweppes rise another 2 to a high for the year of 116p. J. Sainsbury hardened a couple of pence to 365p, as did William Morrison, to 160p, the latter following Press comment. Elsewhere, Alpine Soft Drinks, which lost 6 last Friday, remained on offer and shed a penny more to a 1982 low of 65p. Somportex, a particularly dull market last week on poor annual results, rallied a few pence to 53p.

Ladbroke touched 145p following the interim results before reacting on profit-taking to close a net 4 down at 139p. Trusthouse Forte gave up a couple of pence to 119p on lack of interest.

Glaxo better

Apart from Glaxo, which rose 10 to 780p on further consideration of the profit potential of its anti-ulcer Zantac drug, miscellaneous industrial leaders moved narrowly in thin trading. Elsewhere, still reflecting the Board's reassuring statement with regard to its exposure to asbestosis claims in the U.S., Turner and Newall hardened a penny to 30p; Cape Industries rallied 3 in sympathy to 67p. Macfarlane Group Clansman firmed 4 to 116p, after 117p, *in response to the better-than-expected interim results*, while Cowan De Groot rose 2 to 22p on the preliminary results. Dufay Bitumastic hardened a penny to 45p following the doubled interim dividend payment and increased first-half profits. Hestair hardened a penny to 37p and Erskine House a similar amount to 40p following Press comment. Awaiting today's results, Diploma dipped 4 to 276p.

Leading Properties, a shade firmer at first, drifted back to close virtually unchanged. Elsewhere, occasional support left Regional A 4 dearer at 152p and Mountleigh the same amount up at 82p. York Mount, dealt in the Unlisted Securities Market, also hardened 2, to a 1982 peak of 75p. On the other hand, Laing Properties gave up 3 at 188p and Brixton Estates a penny at 105p, while Allnatt (London) softened 2 to 172p.

Oils good

Scattered support and the *absence of selling in the wake* of favourable Transatlantic influences helped Oils to make a brighter showing. British Petroleum, interim results due tomorrow, gained 8 to 296p, while Shell improved 6 to 404p. Ultramar met with revived demand and gained 10 to 408p, while LASMO, still supported by the recent better-than-expected half-yearly statement, put on the same amount to 360p. Tricentrol firmed 6 to 208p and Burmah 3 to 148p. Elsewhere, Berkeley Exploration gained 10 to 145p following publicity given to a broker's bullish circular. Speculative counter Global Natural Resources met selling and shed 60 to 580p.

Investment Trusts finished with mixed movements reflecting the current uncertainty of the main equity market. Financials featured money brokers which, after being out of favour recently following the disappointing reaction to the Mercantile House share flotation, attracted fresh interest and closed with double-figure gains in places. Mills and Allen advanced 13 to 178p, and R. P. Martin rose 10 to 330p. Exco International, which announced interim figures last week and was also the subject of Press mention, added a couple of pence at 212p. Mercantile House finished 5 up at 390p.

Shippings were quietly irregular. P & O Deferred, a nervous market recently awaiting the forthcoming first-half results, held at 142p, but Ocean Transport eased 2 more to 89p. Gotaas-Larsen rose 20 to 220p.

Press mention stimulated scattered interest in Bats, which closed 8 higher at 488p. Elsewhere in Tobaccos, Imperial lacked support and gave up a couple of pence to 84p, but Rothmans responded to revived speculative demand with a rise of 2 to 96p.

Golds firmer

South African Golds ended a generally quiet day showing modest overall gains, despite an erratic performance by the bullion price. The latter opened firmer around $415, dipped to $406, but rallied strongly to close a net 3 lower at $413.5 an ounce.

The Gold sharemarket was marked up at the outset, retreated in the face of modest selling in a thin market, but subsequently rallied to close showing small gains on balance following U.S. interest in the after-hours' trade.

Reaching its best level since December 21 last year the Gold Mines index rose 3.2 more to 323.3.

Financials were mixed, Consolidated Gold Fields, a strong performer in recent weeks, attracted sizeable profit-taking and gave up 15 to 445p, while RTZ closed 5 down to 445p, the latter following the sharp fall in copper prices and the interim dividend omission and heavy losses reported by CRA, down 3 at 302p.

A mixed Australians sector was featured by the marked weakness of Peko-Wallsend, down 20 at 282p, in the wake of the A$13.2m loss and final dividend omission.

Golds were well supported, however, particularly GMK, finally 10 up at 305p, after 315p. Speculative Golds were highlighted by Otter Exploration, which closed a net 4 up on balance at 32p, after 35p, following favourable weekend Press comment.

Elsewhere, Malaysian Tins made progress, with Malaysia Mining Corporation 5 to the good at 50p. Cornwall's Geevor Tin jumped 10 more to 110p on growing takeover speculation—the shares have risen 35 over the past three trading days.

With demand for the underlying securities affected by the inactivity in equity markets, the majority of Traded Option stocks encountered scant business and volume suffered accordingly with only 1,473 trades done —1,153 calls and 320 puts. Lonrho continued to attract a good business and recorded 559 calls, 372 in the November 9/'s and 103 in the November 100's, and 116 puts. Consolidated Gold Fields puts remained high and the October 460's advanced 7 to record a two-day gain of 14 at 37p, while the October 500's jumped 8 more to 70p, up 23 over the same period.

FINANCIAL TIMES STOCK INDICES

	Aug. 31	Aug. 27	Aug. 26	Aug. 25	Aug. 24	Aug. 23	A year ago
Government Secs.	77.43	77.70	78.09	78.13	78.52	78.92	64.12
Fixed Interest	78.01	78.33	78.22	77.92	77.95	77.98	65.68
Industrial Ord.	572.7	573.5	576.1	568.4	571.0	576.6	568.0
Gold Mines	323.3	320.1	314.2	297.9	312.5	314.4	383.5
Ord. Div. Yield	5.17	5.18	5.16	5.23	5.20	5.16	5.29
Earnings, Yld.% (full)	11.56	11.57	11.52	11.60	11.55	11.46	9.21
P/E Ratio (net) (*)	10.37	10.36	10.40	10.34	10.39	10.48	14.38
Total bargains	16,777	19,243	19,014	21,963	23,278	23,814	16,270
Equity turnover £m.	—	125.93	123.93	134.12	158.26	162.47	91.522
Equity bargains	—	12,499	12,794	12,915	15,912	16,556	11,734

10 am 570.6. 11 am 571.2. Noon 572.3. 1 pm 572.9. 2 pm 572.7. 3 pm 572.3.

Basis 100 Govt. Secs 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/56. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 9.66.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	78.92 (23/8)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	78.33 (27/8)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	323.3 (31/8)	181.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 27	Aug. 26
—Daily		
Gilt Edged Bargains	220.2	252.6
Equities Bargains	81.0	82.9
Value	254.5	250.5
5-day Avrge.		
Gilt-Edged Bargains	316.6	347.2
Equities Bargains	91.6	96.0
Value	284.9	306.3

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	7	73	19
Corpns. Dom. and Foreign Bonds	1	48	26
Industrials	154	194	982
Fin. and Props.	65	111	336
Oils	34	14	60
Plantations	6	3	13
Mines	58	32	66
Others	59	37	53
Totals	379	512	1,554

MONTHLY AVERAGES OF STOCK INDICES

—	August	July	June	May
Financial Times				
Government Securities	75.43	71.24	69.51	68.73
Fixed Interest	75.33	71.73	69.97	69.37
Industrial Ordinary	561.1	559.7†	570.0	578.7
Gold Mines	278.0	222.1	209.7	235.8
Total Bargains	18,892	15,627	15,144	16,158
F.T.— Actuaries				
Industrial Group	341.26	332.89	329.31	328.55
500 Share	367.94	360.08	361.72	362.48
Financial Group	247.71	246.47	246.13	247.74
All-Share (750)	336.10	329.49	330.23	332.57

	High	Low
Industrial Ordinary	580.6 (20th)	540.4 (9th)
All-Share	345.94 (20th)	326.54 (9th)

†Correction

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E ratio
[illegible]					Anglo-Nordic 5p	[illegible]					
					Antofagasta Hldgs £1						
					Argyll Foods Warr'ts						
					Atlantis Res. Int.						
					Beradin Holdings 5p						
					Berkeley £1.N.Uw.Rp						
					Bio-Isolates 10p						
					Coleman Milne 10p						
					Dalmar Group						
					Ecobric New Ord £1						
					Do. Defd.						
					Hadson Pet. Int. 5p						
					Intl'Europe Tech. 5p						
					Knight Cmptr Int 5p						
					McCarthy & Stone						
					Mercantile Hse. New						
					Multitone Elect.						
					Pactrol Electronics						
					RIT & Northern Warr'ts						
					Rowe Evans Inv. 10p						
					Sheraton Secs 10p						
					Walker (Alfrd) 10p						
					Yelverton Invs. 5p						

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
[illegible]					Antofagasta 5.5% Pref. (£1)	[illegible]	
					Australia 13¾% Ln. 2010		
					Cronite 14% Cnv. Uns. Ln. '89		
					Electricite de France 13½% Ln. 2008		
					Nationwide Bldg. Soc. 11¼% (18/8/83)		
					New Zealand 14¼% 1987		
					Portsmouth Water 14% Red. Deb. '92		
					Smurfit (Jefferson) Pref. Units 5p		
					West Kent Water 8¼% Red. Pref. 87-89		

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
[illegible]					Automated Security 10p	[illegible]	
					Berkeley Exploration £1		
					Blundell-Permoglaze		
					Eurotherm Int. 10p		
					Goal Pet. 5p		
					Pactrol Electronics		

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ♦ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BP	296	+8	Lasmo	360	+10
Cons. Gold Fields	445	−15	Peko-Wallsend	282	−20
Glaxo	780	+10	Shell Transport	404	+6
Gold Mines Kalgoorlie	305	+10	Tomatin	47	+2
Ladbroke	139	−4	Ward & Goldstone	43	−5

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Charter Cons.	14	185	−13	Glaxo	12	770	—
Marcdle Hs. Nw	14	388	+11	Racal Elec.	12	525	+3
Cons Gd Fields	13	460	−5	BP	10	288	−8
Plessey	13	508	−4	De Beers Dfd.	10	251	+6
Royal Ins.	13	370	−7	ICI	10	278	−4
Vaal Reefs	13	£36	+⅞	Turner & Newall	10	29	—
GEC	12	£10⅝	—	Unilever	10	605	—

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Aug 31 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Aug 27 Index No.	Thurs Aug 26 Index No.	Wed Aug 25 Index No.	Tues Aug 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	409.50	−0.1	9.42	4.11	13.24	409.97	409.73	408.05	410.58	378.61
2	Building Materials (23)	346.52	−0.2	12.07	5.33	9.96	347.38	349.22	346.09	345.75	331.43
3	Contracting, Construction (28)	648.27	−0.2	13.60	4.78	8.79	649.49	647.72	647.03	644.03	602.57
4	Electricals (31)	1617.35	—	6.69	2.00	19.58	1617.97	1616.64	1615.28	1628.57	1255.35
5	Engineering Contractors (11)	463.89	−0.5	14.16	6.52	8.53	466.39	465.12	467.91	472.82	505.68
6	Mechanical Engineering (67)	202.46	−0.4	11.92	5.82	10.11	203.27	202.62	200.68	201.68	216.98
8	Metals and Metal Forming (11)	148.60	+0.4	12.64	8.16	9.81	148.07	148.39	147.08	152.64	174.19
9	Motors (20)	79.88	−0.4	3.08	8.73	—	80.24	80.40	79.93	80.66	107.25
10	Other Industrial Materials (18)	350.42	+0.2	10.56	6.09	11.58	349.56	348.59	346.03	346.98	399.35
21	CONSUMER GROUP (202)	332.37	—	12.02	5.24	10.08	332.43	333.11	330.72	333.06	292.87
22	Brewers and Distillers (22)	375.11	−0.3	12.71	5.54	9.56	376.38	379.98	373.86	375.11	309.47
25	Food Manufacturing (22)	283.95	+0.1	16.05	6.40	7.27	283.70	283.77	282.18	283.68	277.65
26	Food Retailing (14)	708.45	+0.1	8.42	3.17	14.79	707.53	708.86	703.54	711.19	569.36
27	Health and Household Products (9)	516.20	+0.6	6.69	3.29	17.64	512.95	512.46	507.32	512.00	361.19
29	Leisure (23)	428.21	−0.3	9.79	5.48	12.94	429.71	426.91	427.53	428.73	458.01
32	Newspapers, Publishing (13)	528.46	—	12.04	5.95	10.37	528.62	527.37	527.99	528.51	514.89
33	Packaging and Paper (14)	139.29	—	17.30	7.97	6.72	139.27	138.44	138.05	138.10	156.24
34	Stores (45)	295.92	−0.3	9.85	4.71	13.49	296.83	297.91	296.48	299.83	270.26
35	Textiles (23)	162.43	−0.6	14.23	6.59	8.54	163.41	164.73	165.01	166.21	165.38
36	Tobaccos (3)	352.60	+0.7	22.70	7.85	4.92	350.22	349.78	347.36	348.96	269.73
39	Other Consumer (14)	259.10	−0.5	6.60	6.04	29.87	260.47	260.34	260.52	264.14	290.47
41	OTHER GROUPS (76)	255.79	−0.3	13.27	6.60	9.07	256.68	256.10	255.28	257.65	235.33
42	Chemicals (15)	328.14	−0.4	15.08	7.30	7.90	329.49	331.65	328.33	333.06	291.90
44	Office Equipment (4)	100.15	—	16.24	8.72	7.56	100.15	99.13	98.61	99.77	117.60
45	Shipping and Transport (13)	550.42	−1.2	13.56	7.42	9.24	557.21	558.11	567.39	569.67	536.69
46	Miscellaneous (44)	346.45	−0.1	11.22	5.48	10.69	346.79	343.26	342.53	344.53	314.32
49	INDUSTRIAL GROUP (487)	347.79	−0.1	11.20	4.98	10.90	348.12	348.30	346.38	348.80	313.78
51	Oils (13)	711.08	+2.1	22.33	8.19	5.07	696.11	712.24	681.97	678.16	705.78
59	500 SHARE INDEX	377.51	+0.2	12.87	5.47	9.38	376.63	378.08	373.89	375.83	345.65
61	FINANCIAL GROUP (117)	246.74	−0.3	—	7.01	—	247.36	248.44	248.68	251.66	279.45
62	Banks (6)	253.99	+0.4	39.90	9.42	2.76	252.95	255.38	256.08	257.73	283.76
63	Discount Houses (9)	276.58	−0.3	—	8.45	—	277.51	278.05	278.91	280.69	268.83
65	Insurance (Life) (9)	280.35	−0.8	—	6.56	—	282.51	280.56	282.08	287.25	298.44
66	Insurance (Composite) (10)	156.46	−0.3	—	9.07	—	157.00	158.70	159.54	161.25	188.09
67	Insurance Brokers (7)	496.47	−0.7	11.23	5.23	12.16	500.06	507.26	509.33	520.05	439.21
68	Merchant Banks (12)	144.40	−0.7	—	6.14	—	145.44	143.97	143.12	143.29	172.72
69	Property (49)	422.33	−0.3	5.52	3.86	24.21	423.47	425.86	422.86	428.45	494.85
70	Other Financial (15)	161.98	−0.5	17.99	7.07	6.41	162.75	160.65	161.63	164.79	185.17
71	Investment Trusts (111)	306.46	−0.4	—	5.41	—	307.56	306.24	306.96	308.88	325.25
81	Mining Finance (4)	219.09	−2.0	14.43	6.48	8.68	223.51	225.60	223.39	223.39	275.71
91	Overseas Traders (18)	369.74	−0.2	14.18	8.66	8.63	370.38	370.51	365.17	367.24	429.29
99	ALL-SHARE INDEX (750)	343.29	+0.1	—	5.78	—	343.05	344.27	341.38	343.50	332.54

FIXED INTEREST

	PRICE INDICES	Tues Aug 31	Day's change %	Fri Aug 27	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	116.97	−0.23	117.24	—	8.22
2	5-15 years	125.02	−0.55	125.71	—	9.16
3	Over 15 years	131.36	−0.53	132.06	—	9.86
4	Irredeemables	135.85	−0.19	136.11	—	8.55
5	All Stocks	124.15	−0.45	124.71	—	9.04
6	Debentures & Loans	99.79	−0.35	100.14	—	7.67
7	Preference	70.94	+0.06	70.89	—	5.10

	AVERAGE GROSS REDEMPTION YIELDS		Tues Aug 31	Fri Aug 27	Year ago (approx.)
	British Government				
1	Low	5 years	9.34	9.30	12.53
2	Coupons	15 years	10.81	10.74	13.34
3		25 years	11.00	10.93	13.59
4	Medium	5 years	11.50	11.33	14.76
5	Coupons	15 years	11.74	11.65	15.33
6		25 years	11.27	11.22	14.85
7	High	5 years	11.54	11.41	14.72
8	Coupons	15 years	11.94	11.86	15.51
9		25 years	11.48	11.44	15.10
10	Irredeemables†		10.91	10.89	13.15
11	Debs & Loans	5 years	12.33	12.31	15.96
12		15 years	12.58	12.52	16.02
13		25 years	12.59	12.53	16.06
14	Preference†		13.83	13.84	15.85

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (49)

BUILDING SOCIETIES (1)
Nat'wide 14¼pc 4.4.83

AMERICANS (11)
Alcoa — I.B.M. Corp.
American Medical — I.U. Intl.
Bendix — Merrill Lynch
Brunswick Corp. — Rockwell Intl.
Cons Foods — Utd. Tech.
Gen. Electric

BUILDINGS (3)
Fairclough Constr. — RMC
Marchwiel

CHEMICALS (1)
Hoechst Fin. 10pc Uns. Ln.

STORES (1)
Home Charm

ELECTRICALS (2)
Cont. Microwave — Motorola

ENGINEERING (1)
Black & Decker

FOODS (2)
Cadbury Schweppes — Sainsbury (J.)

INDUSTRIALS (8)
Attwoods — Macfarlane
Baxter Travenol — Monsanto 5pc '82-86
Borg-Warner — Ozalid Fin Cnv.
Macarthys Pharms. — Siebe Gorman

LEISURE (1)
HTV N-V

PROPERTY (1)
York Mount

SHOES (1)
Footwear Invs.

TRUSTS (5)
Ambrose Inv. Inc. — Tor. Inv. Inc.
Equity Consort Dfd. — Pearson (S.)
Rosedimond Inc

OVERSEAS TRADERS (1)
Berisford (S. & W.)

MINES (10)
Durban Deep — S. African Land
East Rand Prop. — Wit. Nigel
West Rand — Welkom
Cons. Modderfont. — Minorco
Leslie — Sentrust

NEW LOWS (25)

AMERICANS (1)
Manf. Hanover

BUILDINGS (1)
Dew (G.)

CHEMICALS (1)
Morley (R. H.)

STORES (1)
Waring & Gillow

ELECTRICALS (2)
Ward & Goldstone — Western Selection

ENGINEERING (7)
Boulton (W.) — Robinson (T.)
Davy Corp. — Wellman Eng.
Deritend — Willey
Green's Economiser

FOODS (1)
Alpine Soft Drinks

INDUSTRIALS (4)
Hawtin — Metamec Jentique
Kalamazoo — Peek Hldgs.

SHIPPING (4)
Lon. O'seas Frtrs. — Ocean Trans.
Lyle Shipping — Sea Containers

TEXTILES (2)
Lister — Tootal

OILS (1)
Sun (UK) Royalty

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug 23	Sept 3	Nov 25	Dec 6
Sept 13	Sept 24	Dec 9	Dec 20
Sept 27	Oct 8	Dec 23	Jan 10

For rate indications see end of Share Information Service

Activity in the traditional Option market was light. Calls were arranged in Hadson Petroleum, Trident TV A, Lonrho, Turner and Newall, Chamberlain Phipps, Smith St Aubyn, F. W. Woolworth and New Throgmorton Warrants. No puts were reported, but doubles were taken out in Lasmo and Trident TV A.

Dollar firm

Dollar rose sharply in very erratic end of month trading. A sharp rise in Eurodollar interest rates and an upward trend in the Federal funds overnight rate, pushed up the U.S. currency, which was also underpinned by fears about further instability in the Middle East involving Iran and Iraq, and the renewed unrest in Poland.

Sterling was weaker overall on a trade-weighted basis, reflecting the decline against the dollar, despite a general improvement against Continental currencies and the yen.

DOLLAR — Trade-weighted index (Bank of England) 121.7 against 120.4 on Friday, and 113.3 six months ago. Three-month Treasury bills 8.42 per cent (11.94 per cent six months ago). Annual inflation rate 6.5 per cent (7.1 per cent previous month)—The dollar rose to DM 2.5010 from DM 2.4710 against the D-mark; to FFr 7.0235 from FFr 6.9350 against the French franc; to SwFr 2.1335 from SwFr 2.0950 against the Swiss franc; and to Y261.47½ from Y256.50 in terms of the Japanese yen.

STERLING — Trade-weighted index 91.4, against 91.6 at noon, 91.4 at the opening, 91.7 at the previous close, and 91.1 six months ago. Three-month interbank 10 11/16 per cent (14 1/32 per cent six months ago). Annual inflation 8.7 per cent (9.2 per cent previous month)—The pound opened at $1.7130-1.7140, and traded within a range of $1.7100 to $1.7220, before closing at $1.7165-1.7175, a fall of 1.95 cents from Friday. Sterling was unchanged at DM 4.2925, but rose to FFr 12.06 from FFr 12.04; to SwFr 3.6625 from SwFr 3.64, and to Y449 from Y445.50.

D-MARK — EMS member (weakest). Trade-weighted index 124.9 against 125.2 on Friday, and 121.6 six months ago. Three-month interbank 8.375 per cent (10.225 per cent six months ago). Annual inflation 5.6 per cent (5.8 per cent previous month)—The D-mark showed mixed changes at the Frankfurt fixing, but weakened against the dollar without any intervention by the Bundesbank. The U.S. currency rose to DM 2.4972 from DM 2.4933, and advanced above the DM 2.50 level in the afternoon. Unrest in Poland and higher Eurodollar rates helped the dollar, but sterling fell to DM 4.2940 from DM 4.2970. Within the EMS the French franc fell to DM 35.635 per 100 francs from DM 35.670, but the guilder rose to DM 91.27 per 100 guilders from DM 91.205.

DUTCH GUILDER — EMS member (central position). Trade-weighted index 117.3 against 117.4 on Friday, and 114.2 six months ago. Three-month interbank 7⅞ per cent (9⅞ per cent six months ago). Annual inflation 6.1 per cent (6.5 per cent previous month) — The guilder showed a firmer trend in the European Monetary System yesterday, but eased against the dollar, Swiss franc, and Japanese yen. The dollar rose to Fl 2.7365 from Fl 2.7360 at the Amsterdam fixing, and the Swiss franc to Fl 1.2915 from Fl 1.2870. On the other hand sterling fell to Fl 4.70 *from Fl 4.7160, and the French* franc to Fl 39.025 per 100 francs from Fl 39.14.

JAPANESE YEN — Trade-weighted index 130.9 against 132.1 on Friday, and 138.5 six months ago. Three-month bills 7.34375 per cent (6.53125 per cent six months ago). Annual inflation 1.7 per cent (2.2 per cent previous month)—The yen lost ground to the dollar in Tokyo yesterday. The U.S. currency rose to Y259.60 from Y258.70, but weakened from the opening level of Y261.30, and a peak of Y262.40. Sentiment appeared to have changed sharply from last week, when dealers were expecting the dollar to fall below the Y250 level. Current expectations suggest a high point of about Y265 for the dollar, but a further decline in U.S. interest rates is likely to push the dollar down again in the near future.

THE POUND SPOT AND FORWARD

Aug 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7100-1.7220	1.7165-1.7175	0.03c pm-0.02c dis	0.17	0.31-0.36dis	−0.78
Canada	2.1200-2.1325	2.1285-2.1305	0.48-0.58c dis	−2.99	1.70-1.80dis	−3.29
Nethlnd.	4.68-4.72	4.69-4.70	1½-1c pm	3.19	3¼-2¾ pm	2.56
Belgium	82.05-82.40	82.15-82.25	*13-20c dis*	−2.41	*60-70 dis*	−3.16
Denmark	14.98-15.02	14.99-15.00	2½-3½ore dis	−2.40	11¾-12⅞ dis	−3.23
Ireland	1.2455-1.2515	1.2485-1.2495	0.48-0.62p dis	−5.28	1.46-1.71dis	−5.08
W. Ger.	4.27½-4.30½	4.28¾-4.29¾	1¼-¼pf pm	2.80	2¾-2¼ pm	2.33
Portugal	148.00-149.50	148.35-148.85	105-290esc dis	−15.84	245-780dis	−13.70
Spain	193.50-194.50	194.00-194.20	65-90c dis	−4.79	300-345 dis	−6.6
Italy	2412-2422	2414½-2416½	21-24lire dis	−11.43	63-67 dis	−10.76
Norway	11.53½-11.60	11.54¾-11.55¾	2¼-3½ore dis	−2.36	10¾-12 dis	−3.11
France	12.02-12.08	12.05-12.07	10-13c dis	−11.44	35-40 dis	−12.44
Sweden	10.55-10.59	10.57-10.58	4¾-5ore dis	−5.53	12¾-13¾ dis	−4.96
Japan	444-450	448½-449½	1¾-1¼yen pm	4.01	3⅞-3⅜ pm	3.34
Austria	30.12-30.27	30.16-30.21	10-6⅝gro pm	3.33	20-11¼ pm	2.09
Switz.	3.64-3.67	3.65¼-3.66¼	2½-2⅜c pm	7.78	6¾-5¾ pm	6.55

Belgian rate is for convertible francs. Financial franc 86.65-86.75. Six-month forward dollar 1.34-1.39c dis. 12-month 3.30-3.45 dis.

THE DOLLAR SPOT AND FORWARD

Aug 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7100-1.7220	1.7165-1.7175	0.03c pm-0.02c dis	0.17	0.31-0.36dis	−0.78
Ireland†	1.3750-1.3785	1.3755-1.3765	0.65-0.55c pm	5.23	1.55-1.35 pm	4.22
Canada†	1.2385-1.2430	1.2395-1.2405	0.32-0.37c dis	−3.34	0.80-0.87dis	−2.69
Nethlnd.	2.7270-2.7390	2.7270-2.7300	0.75-0.65c pm	1.03	2.40-2.30 pm	3.45
Belgium	47.85-47.95	47.85-47.90	*10-12c dis*	−2.76	*28-31 dis*	−2.39
Denmark	8.7150-8.7230	8.7180-8.7230	1.70-1.95ore dis	−2.51	4.5-5 dis	−2.18
W. Ger.	2.4930-2.5125	2.5005-2.5015	0.65-0.55pf pm	0.96	2.10-2.00 pm	3.28
Portugal	86.30-86.60	86.30-86.55	*75-175c dis*	−17.36	150-450 dis	−13.88
Spain	112.90-113.15	113.00-113.15	55-65c dis	−6.37	195-220 dis	−7.34
Italy	1403.5-1405.5	1405.0-1405.5	13-14lire dis	−11.53	34½-36 dis	−10.04
Norway	6.7290-6.7370	6.7290-6.7340	1.5-1.9ore dis	−3.03	4.8-5.2 dis	−2.97
France	7.00-7.03	7.0210-7.0260	5.5-7.5c dis	−11.11	18.5-21.5dis	−11.39
Sweden	6.1530-6.1640	6.1590-6.1640	2.9-3.1ore dis	−5.84	5-6.2 dis	−3.96
Japan	259.25-261.75	261.40-261.55	0.95-0.85y pm	4.13	2.74-2.64 pm	4.12
Austria	17.55-17.58	17.57½-17.57	6-4½gro pm	3.58	16-13 pm	3.30
Switz.	2.1160-2.1430	2.1320-2.1350	1.46-1.36c pm	7.93	3.96-3.94 pm	7.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 31	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.4	−32.0
U.S. dollar	121.7	+12.3
Canadian dollar	89.4	−18.2
Austrian schilling	117.1	+26.7
Belgian franc	94.8	−1.6
Danish kroner	81.4	−15.1
Deutsche mark	124.9	+49.5
Swiss franc	145.2	+95.9
Guilder	117.3	+24.7
French franc	73.1	−21.1
Lira	53.4	−58.5
Yen	130.9	+24.5

Based on trade weighted changes from Washington agreement December 1971. *Bank of England index (base average)*

CURRENCY RATES

August 31	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.629520	0.549484
U.S. $	10	1.08309	0.943465
Canadian $	13.95	*	1.16895
Austria Sch.	6¾	19.0234	16.5767
Belgian F	13	51.8556	45.1920
Danish Kr.	11	9.44454	8.23409
D mark	7	2.70469	2.35866
Guilder	7	2.96388	2.58226
French F	9½	7.60167	6.62690
Lira	18	1524.45	1327.69
Yen	5½	283.445	245.018
Norwgn. Kr.	9	7.29678	6.34574
Spanish Pts.	8	122.334	106.612
Swedish Kr.	10	6.68104	5.81552
Swiss Fr.	5	2.29507	2.00458
Greek Dr'ch	20½	76.6882	66.8162

**CS/SDR rate for August 30: ——.*

OTHER CURRENCIES

Aug 31	£	$		£ Note Rates
Argentina Peso	42,038	24,160†	Austria	30.10-30.40
AustraliaDollar	1.7715-1.7725	1.0355-1.0360	Belgium	86.40-87.40
Brazil Cruzeiro	331.05-332.03	192.71-193.67	*Denmark*	14.91-15.05
Finland Markka	8.2803-8.2182	4.7760-4.7780	France	11.99-12.09
Greek Drachma	120.822-121.257	70.70-70.90	Germany	4.27¼-4.28
Hong Kong Dollar	10.39-10.40	6.03-6.04	Italy	2380-2430
IranRial	147.40*	84.30*	Japan	445-450
KuwaitDinar(KD)	0.500-0.501	0.2922-0.2928	Netherlands	4.68-4.72
Luxembourg Fr.	82.15-82.25	47.85-47.90	Norway	11.50-11.60
Malaysia Dollar	4.08-4.10	2.3415-2.3465	Portugal	146-185
New ZealandDlr.	2.3490-2.3525	1.3730-1.3750	Spain	189¼-194¾
Saudi Arab. Riyal	5.9645-5.9720	3.4860-3.4905	Sweden	10.53-10.63
Singapore Dollar	3.6900-3.70	2.1545-2.1575	Switzerland	3.62½-3.66½
Sth.African Rand	1.9660-1.9685	1.1490-1.1505	United States	1.71-1.73
U.A.E. Dirham	6.3670-6.3745	3.7210-3.7255	Yugoslavia	100-105

† Rate shown for Argentina is commercial. Financial rate 66,861-66,901 against sterling 38,950-39,000 against dollar. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.1920	+0.49	+0.32	±1.5501
Danish Krone	8.23400	8.23409	—	−0.17	±1.6430
German D-Mark	2.33379	2.35866	+1.07	+0.90	±1.0888
French Franc	6.61387	6.62690	+0.20	+0.03	±1.3940
Dutch Guilder	2.57971	2.58226	+0.10	−0.07	±1.5004
Irish Punt	0.691011	0.685907	−0.74	−0.91	±1.6691
Italian Lira	1350.27	1327.69	−1.67	−1.67	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 31	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.717	4.293	449.0	12.06	3.663	4.695	2416.	2.130	82.20
U.S. Dollar	0.582	1.	2.500	261.5	7.024	2.155	2.734	1407.	1.240	47.87
Deutschemark	0.233	0.400	1.	104.6	2.810	0.853	1.094	562.7	0.496	19.15
Japanese Yen 1,000	2.227	3.824	9.560	1000.	26.86	8.157	10.46	5380.	4.743	183.1
French Franc 10	0.829	1.424	3.559	372.3	10.	3.037	3.893	2003.	1.766	68.16
Swiss Franc	0.273	0.469	1.172	122.6	3.293	1.	1.282	659.5	0.581	22.44
Dutch Guilder	0.213	0.366	0.914	95.63	2.569	0.780	1.	514.5	0.454	17.51
Italian Lira 1,000	0.414	0.711	1.777	185.9	4.993	1.516	1.944	1000.	0.882	34.03
Canadian Dollar	0.470	0.806	2.016	210.8	5.663	1.720	2.205	1134.	1.	38.60
Belgian Franc 100	1.217	2.089	5.222	546.2	14.67	4.456	5.712	2939.	2.591	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 31)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 1/2	offer 11 5/8	bid 12 7/16	offer 12 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10¼-11	10⅛-10⅜	14-15	7⅝-7⅞	1¼-1¾	7⅝-8	14-14½	18-19½	12½-14	13¼-13¾	6¾-7	10⅜-11⅜
7 day's notice	11-11½	10¼-10½	15-16	7⅝-7¾	1-2	7⅞-8	14-15	21-23	13-14½	13¼-14	7-7½	12-13
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13½-14¼	13¾-14	7⅜-7½	15¾-14¾
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14¼-15	13⅞-14½	7 11/16-7 13/16	16⅛-17⅛
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14-14¾	13¾-14	7 7/16-7 9/16	16¼-17¼

SDR linked deposits: [illegible] per cent; one year 11 7/16-11 13/16 per cent.
ECU linked deposits: [illegible] per cent; one year 12⅝-12⅞ per cent.
Asian $ (closing rates in Singapore): [illegible] months 11 13/16-11 15/16 per cent; one year 12 5/16-12 7/16 per cent. [illegible] five years 14⅛-14½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen, others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 11.05-11.15 per cent; six months 12.00-12.10 per cent; one year 12.25-12.35 per cent.

MONEY MARKETS

UK rates slightly firmer

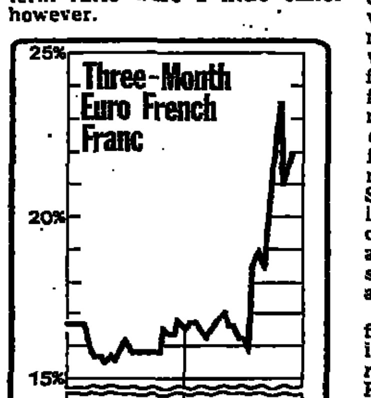
UK clearing bank base lending rate 10½ per cent (since August 30 and 31)

UK interest rates were slightly firmer yesterday, reflecting a firmer trend in U.S. rates. This followed Friday's rise in U.S. money supply figures. Six-month sterling CDs were quoted at [illegible] per cent compared with 10 11/16-10 13/16 per cent while the buying rate for discount houses on six-month eligible bank bills rose to 10 per cent from 9⅞ per cent.

In the interbank market overnight funds opened at 10¾-11¼ per cent and eased to 10⅞-10⅞ per cent. After the morning's assistance by the Bank of England rates fell away to 10-10½ per cent and touched 9-9½ per cent on the reduced shortage in the afternoon. However funds were a little more scarce during the latter part of the day with closing balances taken up to 13 per cent.

The Bank of England forecast a shortage of £100m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills —£480m, offset by Exchequer transactions of £300m and a fall in the note circulation of £150m. The Bank gave assistance in the morning of £178m by buying eligible bank bills, £20m in band 1 (up to 14 days) at [illegible] per cent, £125m in band 2 (15-33 days) at [illegible] per cent and £33m in band 3 (34-63 days) at [illegible] per cent. The forecast was later revised to a shortage of around £50m and there was no further intervention by the authorities.

In Frankfurt call money was quoted at 8.00-8.10 per cent, down from Monday's level of 8.10 per cent but still above the Lombard rate of 8 per cent. Demands for funds were caused by end of month pension payments and efforts by banks to meet reserve requirements. As a result borrowing under the Lombard facility increased. While the amount outstanding on Friday was DM 5.4bn, it rose to DM 11bn on Monday. Longer term rates were a little easier however.



MONEY RATES

NEW YORK

Primate rate	13½
Fed funds (lunch-time)	10¾-10⅞
Treasury bills (13-week)	8.42
Treasury bills (26-week)	9.62

GERMANY

Lombard	8.00
Overnight rate	8.05
One month	8.30
Three months	8.40
Six months	8.60

FRANCE

Intervention rate	14.25
Overnight rate	14.0625
One month	14.25
Three months	14.25
Six months	14.25

JAPAN

Discount rate	5.5
Call (unconditional)	7.21875
Bill discount (three-month)	7.34375

EUROCURRENCIES

Eurodollars firmer

Euro-dollar rates were generally firmer yesterday. There was a growing conviction in the market that U.S. interest rates were unlikely to fall in the near future. Sentiment was also influenced by Friday's rise in U.S. money supply and tension ahead of this week's U.S. Treasury funding. The rise in Euro-dollar rates pushed the D-mark and the Swiss franc to a higher premium in forward trading against the dollar while the dollar's discount against sterling narrowed slightly, reflecting to some extent a rise in Euro-sterling rates.

The Japanese yen showed a firmer trend against the dollar in forward trading as Euro-yen *rates eased slightly while the* French franc recorded a wider discount as Euro-French franc rates were generally firmer.

LONDON MONEY RATES

Aug. 31 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◊	Eligible Bank Bills ◊	Fine Trade Bills ◊
Overnight	—	9-13	10⅝-11	—	—	11¼	7-10½	—	—	—
2 days notice	—	—	11	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¾-11⅛	11-11⅛	—	—	11¼	10⅛-10⅝	—	—	—
One month	11-10⅞	11-11⅛	10⅞-11⅛	11⅝-11¼	11⅛	11	10⅛	10 7/16	10 7/16	11 1/16
Two months	10⅞-10¾	10⅞-11	10⅞-11	11⅜-11	10⅞	—	10⅛-10¼	10⅜	10⅝	11
Three months	10¾-10 11/16	10⅞-11	10⅞	11⅛-10¾	10 11/16	—	10-10⅛	10 1/16	10 5/16	10 11/16
Six months	10 9/16-10 7/16	10 11/16-10 13/16	10⅞	10⅛-9¾	10 11/16	—	—	—	10	10⅝
Nine months	10 11/16-10 13/16	10 11/16-10 13/16	—	10⅞-10½	10 13/16	—	—	—	—	—
One year	10 13/16-10 15/16	10 13/16-10 15/16	10⅝-10⅞	10¾-10⅝	10 15/16	—	—	—	—	—
Two years	—	—	10⅞	—	—	—	—	—	—	—

ECGD Fixed Rate Sterling Export Finance. Scheme IV Average Reference Rate for interest period 19 July to 3 August 1982 (inclusive): 12.143 per cent.

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates, nominally three years 10¾-11 per cent; four years 11¼ per cent; five years 11¼-11½ per cent. ◊Bank bill rates in table are buying rates for prime paper. Buying rates for four months bank bills 10¾ per cent; four months trade bills 10 11/16 per cent.

Approximate selling rate for one month Treasury bills [illegible] per cent; two months [illegible] per cent and three months [illegible] per cent. Approximate selling rate for one month bank bills [illegible] per cent; two months [illegible] per cent and three months [illegible] per cent. One month trade bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from September 1 1982. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Clearing Bank Deposit Rates for sums at seven days notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 9.3176 per cent. Certificates of Tax Deposit (Series 5) 11 per cent from August 18. Deposits withdrawn for cash 9 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

هكذا اصل الاصل

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	228.1	240.2	-1.3	—
Equity Fund	53.0	55.8	-0.2	—
Property Acc.	267.1	281.2	-1.7	—
Equity Acc.	52.5	55.3	-0.3	—
Selective Fund	153.7	161.8	-0.9	—
Money Fund	169.4	178.4	+0.3	—
Convertible Fund	181.8	191.4	+0.3	—
Prop. Fd. Ser. 4	210.4	221.5	-1.3	—
Equity Ser. 4	58.9	62.1	-0.3	—
Man. Ser. 4	210.0	221.1	-1.3	—
Money Ser. 4	153.7	161.8	+0.3	—
Conv. Ser. 4	153.8	161.9	+0.1	—
Fixed Int. Fd. Ser. 4	131.8	138.4	-1.8	—
American Ser. 4	120.1	126.5	+2.4	—
High Inc. Ser. 4	119.5	125.8	-0.6	—
Indexed Inv. Series 4	99.8	105.1	-0.2	—
Pension Property	319.7	336.6	-1.6	—
Pension Equity	303.9	319.9	-1.7	—
Pension Selective	155.7	163.9	-0.9	—
Pension Managed	312.5	329.0	-2.2	—
Pension Security	227.8	239.8	+0.5	—
Pension Fixed Int.	127.8	134.6	-1.6	—
Pension Indexed Inv.	100.1	105.4	-0.3	—

Albany Life Assurance Co. Ltd.
51, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	326.5	343.7	+1.8	—
Fixed Int. Acc.	215.8	227.1	-1.4	—
Gtd. Money Fd. Ac.	158.3	166.6	+0.1	—
Intl. Man. Fd. Acm.	144.3	151.9	+1.5	—
Intl. Fxd. Int. Fd.	115.2	121.2	-0.1	—
Prop. Fd. Acc.	160.1	168.5		—
M'ple Inv. Acc.	259.5	273.1	+1.1	—
Equity Pen.Fd.Acc.	450.9	474.6	+5.0	—
Fixed I.Pen.Acc.	361.5	380.4	-3.4	—
G'td.Mon.Pen.Acc.	221.1	232.7	+0.2	—
Intl.Mn.PnFdAcc.	167.4	176.4	+2.1	—

Crown Life—Continued

St. George Mangd. Fd.	111.2	117.0	—	—
Lincs & Gen.Fd.	116.8	122.9	—	—
Sage Fd.	85.4	89.8	—	—
Heritage Fd.	99.5	104.7	—	—
DBS Managed	106.7	112.3	—	—
Crown. Brit. Inv. A	217.2			—
Pens. Mixed. Fd.	158.0	163.7	+0.1	—
Pens. Mang'd. Acc.	117.7	123.9	—	—
Pens. Mang'd. Init.	113.0	118.9	—	—
Pens. Equity Acc.	103.8	109.2	+0.6	—
Pens. Equity Init.	99.3	104.5	+0.6	—
Pens. Fxd. Int. Acc.	119.0	125.2	-0.5	—
Pens. Fxd. Int. Init.	114.2	120.2	-0.4	—
Pens. Money Acc.	111.4	117.2	+0.3	—
Pens. Money Init.	106.6	112.2	+0.2	—

Crusader Insurance PLC
Tower Hse., 38 Trinity Sq. EC3N 4DJ 488 2323

Growth Prop Aug 3	103.7	114.1	—	—
Magd Pens. Aug 11	120.33	122.07	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	82.7	85.8	—	5.94

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	195.3	205.5	—	—
Higher Inc. Fund	130.4	137.4	—	—
Property Fund	193.7	203.8	—	—
Fixed Interest Fund	159.8	168.2	—	—
Index Linked Secs Fnd.	96.2	101.2	—	—
Gtd. Deposit Fund	137.1	144.3	—	—
Nth. America Fund	111.6	117.4	—	—
Far East Fund	82.0	86.3	—	—
International Fund	100.9	106.2	—	—
Mixed Fund	177.8	186.9	—	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	188.1	197.9	—	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

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[illegible]

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INDUSTRIALS (Miscel.)

هكذا اصل

INDUSTRIALS—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
195	145	Jacksons Bourne	165	......	5.0	♦	4.3	♦
32	21	James (M.) Inds. 10p	30½	......	♦1.25	1.9	5.9	12.8
180	119	Jardine M. SHK5	147	......	0.092c	2.3	6.0	7.3
48	20	Jenks & Cattell	20	......	1.0	—	7.1	—
201½	187	Johnson Clnrs.	240	−6	17.7	2.3	4.6	13.2
295	227	Johnson Mthy. £1	240	+2	10.0	2.2	6.0	(8.8)
166	98	Johnston Gp. 10p	166	......	4.0	6.2	3.4	4.6
80	64	Jourdan (T.) 10p	70	......	5.25	0.6	10.7	(26.9)
48	39	Kalamazoo 10p	39	−2	2.5	0.9	9.2	18.1
170	135	Kelsey Inds.	140	......	8.0	2.1	8.2	8.0
180	138	Kennedy Sm. 10p	168	−2	5.5	♦	4.8	♦
310	170	Kershaw (A.) 5p	175	+5	21.75	0.5	18.4	(22.7)
55	41	Kleen-E-Ze Hldgs.	48xd	......	3.0	♦	8.9	♦
68	44	L.C.P. Hlds.	47	......	3.6	0.5	10.9	(45.1)
66	39½	L.R.C. Int. 10p	66xd	......	2.75	2.0	6.0	11.1
46	34	Lawtex	34	......	†1.5	—	‡	—
188	146	Lead Inds. 50p	146	......	9.66	1.8	9.5	(7.9)
435	277	Lep Group 10p	430xd	−5	17.5	1.7	5.8	(12.6)
37	28	Lilleshall 10p	30	......	2.5	—	11.9	—
60	39	Lon. & Liv. 10p	57	+1	2.45	2.4	6.5	8.1
102	78	London & Midl'd.	91xd	......	7.75	0.9	12.2	(13.0)
53	36	Lon. & Nthn. Grp.	51	......	3.75	2.1	10.5	5.4
35	29	‡Lon. Priv. Health	34½	......	—	—	—	♦
10	3½	Long Hmbly. 10p	9½	−¼	B—	—	—	—
48	36	Longton Inds.	41	......	1.0	—	3.6	—
72	33	Lonsdale Univrsl.	65	......	♦1.0	0.9	2.2	(71.3)
195	66	Low & Bonar 50p	68	......	7.0	1.6	14.7	(5.2)
27½	14	M.Y. Dart. 10p	18	......	†1.25	—	9.6	—
210	105	M'C'rthy Ph. 20p	210xd	+3	7.0	♦	4.8	♦
117	70	Macfarlane Gp.	116	+4	†4.0	2.2	5.0	11.7
38	28	Maclellan 20p	37	......	1.43	1.4	5.5	(18.3)

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FINANCIAL TIMES

Wednesday September 1 1982

France to shift tax burden and cut spending

By David Housego in Paris

TIGHT CONTROLS on French public spending and a shift in the tax burden to increase the load on higher income earners are expected to be announced today by the Government in an austerity budget for 1983.

The budget has been designed as a cornerstone for the Government's strategy, introduced last June, which gives top priority to holding down inflation.

After rising 27 per cent in this year's budget, public expenditure is to be more tightly controlled next year and held to an increase of 12 per cent. This is expected to be achieved mainly through a virtual freeze in real terms on current spending, implying strong curbs on public sector pay and recruitment.

The budget had not been expected to be announced until the middle of September. By bringing it forward, the Government may be hoping to influence civil service pay negotiations which are due to start shortly.

President Mitterrand

In June, President Mitterrand announced his administration's commitment to holding the budget deficit this year and next down to 3 per cent of GNP or FFr 120bn (£9.9bn). The 1983 budget has been drafted with this in mind and envisages a deficit of FFr 118bn.

The budget is expected to assume a 2 per cent growth in GNP next year—slightly more than the 1.3 per cent expected to be achieved this year. This would allow for a higher growth in tax receipts than the 1.5 per cent expected by a number of private economists. In its budget estimates for 1982, the French Government originally counted on a real growth of 3.3 per cent in GNP.

President Mitterrand has promised that the overall tax burden will not be increased although increased taxes are expected on high incomes as well as a more rigorous wealth tax.

The Government has faced a difficult dilemma. There has been pressure for unions—particularly from the Communist-led CGT—for substantially increased taxes on the wealthy as the price of their acceptance of wage restraint. The Government, however, has no wish to discourage savings and initiative in the private sector by punitive tax rates.

Base rates cut, Page 2

Continued from Page 1

BL

the two business units which have emerged within BL in the past 18 months.

From October 1 they will take over Sir Michael's executive duties as he becomes non-executive chairman as well as being chief executives of their respective units.

Sir Michael said in a letter to employees yesterday: "These appointments will give the two businesses further opportunities to develop their operations without the instability of radical management changes which has, regrettably, been characteristic of BL over the past decade."

Mr Patrick Jenkin, Industry Secretary, approved the changes but played no part in the process of sorting out the appointments and structure.

Because much more power will be devolved to the two operating companies, BL will cut its central staff of 600, and in future only financial control, business planning and secretarial operations will be centralised.

Sir Michael is due to announce BL's half-year results in two weeks time. He is expected to repeat that BL is on course this year to reduce its trading loss to about £140m (from £244.6m last year) to break even at trading level in 1983 and to break even at pre-tax levels the following year.

Cash flow is under control because BL has reduced costs

SCARGILL FEARS COAL MINES 'HIT LIST'

NCB warns of job losses

BY JOHN LLOYD, LABOUR EDITOR

THE National Coal Board yesterday told the National Union of Mineworkers that the continued weakness in the market for coal could lead to "technological unemployment"—or large job losses—in the industry.

Mr Arthur Scargill, the NUM president, interpreted this to mean large-scale redundancies throughout the pits, and said it proved the existence of a "hit list" of 30 pits.

Mr James Cowan, the NCB deputy chairman, said after his meeting with Mr Scargill that falling demand, rising overseas competition and increased production from capital-intensive pits could result "in a reduction in the industry's manpower requirements."

Mr Cowan said that the industry had been able to reduce manpower by voluntary means "so far." It would pursue that method at Snowdown Colliery, in Kent, which was the subject of yesterday's meeting. However, the "increasing difficulty in the market-place" had made "meaningful discussions" with the NUM necessary.

The board's earlier attempts at such a discussion, in June, ended after a few minutes when Mr Scargill walked out of the meeting, saying that the board had refused to discuss the "hit list" of pits to be closed.

Yesterday's meeting lasted some two hours, and the mineworkers' officials stayed for lunch. But little appears to have been resolved.

The NUM presented the board with a report on Snowdown from the union's own engineer, which proposes more efficient ways of working the pit on its present manpower level of 850, and also calls for drivages to open up a new seam. The board wishes to stop production at existing faces and keep 200 men working on drivages.

The industry's management unions have proposed that one of the three faces be kept open, and asked for the issue to be put through disputes procedure. Mr Scargill said the NUM would not be party to that review, and it is thus likely to proceed without the NUM.

The board's market position is becoming more and more acute. Some 48m tonnes of coal (enough to provide seven to eight months of average coal-fired electricity production) are now stockpiled, more than half on customers' premises. This is 7m more than last year at this time. Output over the 20 weeks to August 14 was 43.4m, less than 1m tonnes down on the same period last year.

Mr Norman Siddall, the NCB chairman, warned the NUM conference in July that the 12 per cent of NCB capacity which loses £250m a year "cannot be right." Mr Scargill yesterday again interpreted that warning as showing the existence of a "hit list"—since 12 per cent of capacity represents the output of about 30 pits.

Mexico may relax investment rules

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO'S economic crisis seems set to force it to liberalise its approach to foreign investment in order to shore up companies in difficulty, save jobs and bring in much-needed foreign exchange.

Lawyers and bankers involved in setting up joint ventures in the country have, they say, been told by the Government that foreign companies may be allowed equity control in new investments and in cases where the foreign partner can put in more capital to save an existing joint venture.

The Industry Minister, which is responsible for foreign investment, said last night there had been no change in Government policy. But a spokesman did accept that it would be logical for the Government to be more flexible given the present situation.

Mexico's foreign investment law limits foreign stakes in new ventures to a maximum of 49 per cent, except in the case of in-bond assembly plants where 100 per cent ownership is allowed in return for a commitment to export all the output. Till now, it has been strictly applied.

A lawyer for a leading firm in Mexico said he had several cases under review where the Government was considering giving the foreign partner equity control in return for more capital to ensure the continued smooth functioning of the joint venture. He declined to name the companies.

Foreign companies in Mexico had a total accumulated investment of about $9.5bn (£5.5bn) at the end of 1981, 70 per cent of it from the U.S. Foreign investment is a sensitive issue because of Mexico's long and bitter history of domination by foreign powers.

The private sector is being hit hard by the extra cost of servicing its external debt of $21bn, caused by the devaluation of the peso. The peso has fallen by 50 per cent against the dollar in the last three weeks. The stagnant economy is also causing demand to fall off dramatically.

The likely sharp increase in unemployment in the coming months as businesses lay off workers may make it politically expedient for the Government to be more flexible towards foreign investors. Already 40 per cent of the workforce is without full-time employment.

However, lawyers do not expect any formal changes to be made in the existing foreign investment law, since this would provoke left-wing opposition. "The law allows the Government to be as flexible as it wants," said one lawyer.

Foreign businessmen point out that new investment is unlikely to come into the country until the present uncertainty over the convertibility of foreign exchange is cleared up. Mexico allows the unhindered repatriation of profits and dividends, though foreign companies have been unable to do this since the imposition of partial exchange controls on August 5.

The shortage of dollars in Mexico is now so acute, after massive outflows of capital, that businesses cannot convert their pesos into dollars even assuming they are prepared to pay the free-market rate of 100 pesos or more to the dollar.

Another problem is that U.S. dollar accounts in the country are still frozen and can be drawn on only after conversion into pesos at the fixed rate of 69.50 pesos to the dollar.

BT and Securicor in mobile phones plan

BY GUY DE JONQUIERES

BRITISH TELECOM (BT) and Securicor, the security services company, plan to submit proposals to the Government later this month to build a new national mobile telephone network which seems almost certain to be based on U.S. technology.

The network, which would be launched in 1985, would be operated jointly by Securicor and British Telecom Enterprises, the division formed last year to compete on the liberalised telecommunications market.

The Government also plans to licence later this year a second, rival, radiotelephone system to be operated by a consortium of private sector interests still to be selected.

Both networks would use a technology called cellular radio, which would permit a vast expansion of the number of radiotelephone users in the UK at present limited to less than 10,000.

The BT-Securicor venture, tentatively named Securitel, also plans to offer subscribers cordless portable telephones as well as units installed in vehicles. It would be launched initially in the South East but would be expanded to cover most of the country eventually.

No British manufacturers make cellular radio equipment at present, and backers of the planned networks must choose between three rival systems developed in the U.S., Japan and the Nordic countries. Securitel strongly favours adopting an American system.

American Telephone and Telegraph, which pioneered cellular radio, is pressing hard to have its system adopted. It recently demonstrated its technology to a team of Securitel experts when they visited the U.S.

AT&T is keen to break into European telecommunications markets, but it faces strong competition from several other U.S. cellular radio suppliers, including Motorola and Harris. Motorola is the only company so far to have developed a portable radiotelephone.

Whichever system is chosen, Securitel will probably insist that much of the equipment is made in Britain, either by local subsidiaries of overseas manufacturers or through licensing arrangements with British companies.

More than half a dozen groups are competing for the licence for the private sector network. They include a consortium headed by Air Call, which already operates radiotelephone services, London Car Telephone and Extel, British Road Services, and Graphic Scanning, and Western Union, both of the U.S.

The proposal to create two separate mobile telephone networks has been criticised in some quarters as a needless duplication of resources. But private sector operators have expressed reservations about sharing their equipment with BT.

The combined investment needed to launch both networks is estimated at about £20m, but this is expected to rise rapidly to as much as £100m by 1990.

SDP plans work democracy Act

BY MARGARET VAN HATTEM

A COMPULSORY system of industrial democracy to be set up by an Industrial Democracy Act and enforced by an independent industrial democracy agency was yesterday proposed by the Social Democratic Party.

The proposals are outlined in a Green Paper to be presented to the party's annual conference in October.

The system, which would seek to draw Britain's workforce into industrial decision-making through bodies based on their place of work rather than their skills or sector, is likely to meet strong opposition from the trade unions.

While the proposals on industrial decision-making concede, at one point, that the trade unions should have a "crucial" role, little indication is given of what this role might be. On the contrary, in suggesting that the new structures should operate "in parallel" to existing collective bargaining structures, the proposal could encourage suspicions that the party might seek to weaken, or even by-pass, the unions.

Certain other ideas—that all employee decisions should be taken by secret ballot, that non-union members should have an equal voice with union members, and that employee participation should be as decentralised as possible — are unlikely to alleviate these fears.

"We reject the notion that any system of industrial democracy can be truly democratic where employee representatives are nothing more than trade union appointees," the paper says. In delegating the responsibility for participation agreements to "owners, managers and employees" it omits any reference to the unions.

The paper carefully avoids traditional Labour Party phraseology such as "worker participation" or "worker control." Instead it refers consistently to "employees." It pointedly rejects the "rigid single panacea of employee directors proposed by the TUC in 1974," and the "mistakes made by Tony Benn in the 1970s when he poured money into companies on the brink of failure."

EEC countries such as France, Germany, Italy and Spain are cited as examples of successful industrial democracy. The document also refers approvingly to EEC Commission proposals for industrial democracy drawn up by Mr Henk Vredeling, former EEC Commissioner for Social Services and Viscount Etienne Davignon, Industry Commissioner. These have been criticised by the TUC for their failure to recognise the role of the unions.

In calling for structures separate from the machinery of collective bargaining, the paper argues that industrial democracy "would not succeed if it were merged with collective bargaining because it is trying to achieve different objectives."

Collective bargaining, it argues, promotes confrontation and divides employees into craft or status groups so that negotiating bodies tend not to be dealing with any individual industrial organisation. "The aim of the participative structures we propose is to bring employees together into the same representative forum based on the workplace rather than on position in the hierarchy or type of work done," it says.

Details, Page 6

Polish

Continued from Page 1

laid a blanket of tear-gas over the centre of the city to break up groups of demonstrators who earlier had taunted them with shouts of "Gestapo."

By early evening police had largely cleared the streets. The authorities' much-publicised show of force and stern warnings in the press, however failed to deter several hundred people from taking to the streets.

At times the enthusiasm of the Gdansk forces sent tear-gas grenades randomly on to apartment balconies. At one point the roof of the house belonging to Father Henryk Jankowski, priest to Mr Walesa and parish priest of the Lenin Shipyard, was set alight.

The demonstrations started near the Solidarity memorial just outside the gates of the Lenin shipyard. Workers leaving at the end of the first shift, at 2 pm, went to the memorial. Some then went home but others stayed to lay flowers and sing hymns.

There had been rumours earlier of plans to occupy the shipyard, but as far as could be judged from a hotel overlooking the yard the second shift appeared to be working normally.

Trouble started in mid-afternoon around Gdansk's main railway station. It spread to surrounding areas. A couple of hundred people, mainly young men, began taunting the riot police with cries of "Gestapo," a cry taken up by onlookers.

The police used their batons only occassionally, relying for the most part on their arsenal of equipment which included automatic tear-gas launchers mounted on Jeeps.

Weather

UK TODAY

CLOUDY with some rain. Dry weather spreading from west. Cool.

England and Wales, Channel Is. Mostly cloudy, occasional rain or drizzle. Dry later. Max 18C (64F).

Scotland and N. Ireland Rain at first, scattered showers and sunny intervals developing. Rather cool. Max 14C (57F).

Outlook: Showers, mainly in the north, otherwise dry with sunny intervals. Near normal temperatures.

WORLDWIDE

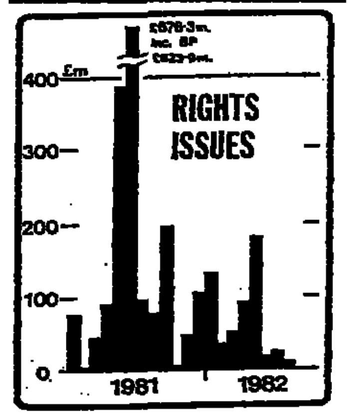
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	23	73	L. Ang.†	S	19	66
Algiers	C	30	86	Luxmbg.	C	16	61
Amsdm.	C	16	61	Luxor		—	—
Athens	S	30	86	Madrid	F	26	79
Bahrain		—	—	Majorca	C	26	79
Barclna.	C	19	66	Malaga	F	27	81
Beirut		—	—	Malta	F	30	86
Belfast	C	13	55	M'chstr	C	14	57
Belgrd.	C	20	68	Melbne.		—	—
Berlin	C	23	73	Mx. C.†		—	—
Biarritz	C	19	66	Miami†	S	27	81
Bmghm.	C	15	59	Milan	C	21	70
Blackpl.	C	14	57	Montrl.†	F	15	59
Bordx.	C	17	63	Moscow	S	23	73
Boulgn.	F	15	59	Munich	C	17	63
Bristol	F	15	59	Nairobi		—	—
Brussels	C	16	61	Naples	C	26	79
Budpst.	F	22	72	Nassau		—	—
Cairo		—	—	Nwcstle.	F	15	59
Cardiff	C	15	59	N York†		—	—
Cas'b'ca	F	24	75	Nice	F	27	81
Cape T.		—	—	Nicosia		—	—
Chicg.†	C	17	63	Oporto	S	26	79
Cologne	F	17	63	Oslo	C	17	63
Cpnhgn.	F	20	68	Paris	C	16	61
Corfu	S	32	90	Perth		—	—
Denver†	S	14	57	Prague	F	23	73
Dublin	C	13	55	Rykjvk.	C	8	46
Dbrvnk.	S	25	77	Rhodes	S	29	84
Ednbgh.	C	15	59	Rio J'o†		—	—
Faro	S	27	81	Rome	F	27	81
Florence	C	24	75	Salzbrg.	C	23	73
Frankft.	C	18	64	S'cisco†		—	—
Funchal	C	21	70	S. Mrtz.		—	—
Geneva	C	16	61	Singapr.		—	—
Gibrltr.	C	24	75	S'tiago†		—	—
Gl'sg'w	C	14	57	Stckhm.	C	19	66
G'rnsey	C	14	57	Strasbg.	C	17	63
Helsinki	F	18	64	Sydney		—	—
H. Kong		—	—	Tangier	S	31	88
Innsbrk.	C	20	68	Tel Aviv	S	29	84
Invrnss.	C	12	54	Tenerife	C	25	77
I.o.Man		—	—	Tokyo		—	—
Istanbul	F	28	82	T'r'nto†	C	15	59
Jersey	F	15	59	Tunis	F	35	95
Jo'burg		—	—	Valencia	F	26	79
L.Plms.	F	26	79	Venice	C	22	72
Lisbon	S	28	82	Vienna	F	21	70
Locarno	T	16	61	Warsaw	C	20	68
London	C	15	59	Zurich	R	13	65

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

All quiet on the issue front

Index fell 0.8 to 572.7



The UK equity issue market has been suffering a summer slump of quite unusual intensity. Thus a handful of rights issues in August raised rather less than £10m, and this came after almost equally quiet months in June and July. Even in nominal, let alone real, terms it looks to have been the quietest three-month period for rights issues in five years. There have only been three rights issues of any size all year—by MEPC, Hammerson and Grand Metropolitan.

There remain a lot of spare places in the new issue queue over the next few months, though the three weeks in November booked by the Government for the Britoil flotation have the effect of reducing flexibility for autumn issuers. If there is to be any general revival, it may have to wait until January and February next year, when a number of dates are already thought to have been reserved by the more optimistic merchant banks.

The reason for the dearth of activity, despite the relative buoyancy of the equity market, is simply that British industry is keeping its head down in the recession. There is nothing to replace last year's spate of energy issues, or the more recent flurry of property company financing.

Successful companies either do not need more capital, or have already had one or more rights issues in the past few years. The less successful cannot face the dividend cost, and anyway are unwilling to take the risk of making forecasts. If and when the industrial recovery comes, rising working capital requirements will force a change of approach. And by then it is just possible that the better placed finance directors will have the option of bond as well as equity finance—merchant bankers think that a number of clients might be interested in £50m or so of loan capital once the coupon got down to, say, 11 per cent.

Ladbroke Group

Ladbroke will produce few fireworks this year, as it waits for the returns on the cash it has ploughed into property development. At the halfway stage, pre-tax profits have been squeezed by £0.3m to £13.4m, in spite of a £0.5m reduction in the interest charge following last year's rights issue, and a £2.1m premium from the granting of an underlease on one of its former casinos.

The main culprit has been the cash betting business, where the initial recovery in the spring after the disastrous winter season has simply not held up. It looks as if the spring upturn represented nothing so much as pent-up betting fever after the starvation of the previous eight weeks. Turnover is now barely higher—less money was placed on the Derby this year than last, for instance—while costs have been rising at roughly the rate of inflation. But at least there is a fair chance that the coming winter will not be as exceptionally bad as last year.

Meanwhile, hotels are now performing strongly, with occupancy rates well up and an increase in achieved room rates of about 6 per cent. So even though holiday profits for the year are likely to be flat, the contribution for the year in this division may rise by some £2m. At the same time, retailing is likely to emerge at about twice last year's level of £1.1m, and property overall should be maintained. So the outcome may approach £35m, against £32.8m, and the property side should start to show through next year. The shares fell 4p yesterday to 139p, where the prospective yield is about 8 per cent.

CRA

With the world mining industry wallowing in the kind of slump last seen in pre-war years, the only surprise in CRA's hefty first half loss was its size. At A$29m net it was about A$10m worse than expected, and makes market hopes that the company might contain the full year deficit to A$30m look forlorn, to say the least.

The results will not help RTZ, although the 3p fall in its share price yesterday was probably as much due to renewed drop in copper prices as to its 57 per cent involvement in the Australian mining group. With a downturn expected in Borax, RTZ's U.S. money spinner, the group could be heading for £250m pre-tax this year—some 30 per cent down on last time.

Amid all this gloom, CRA is driving ahead with ambitious development plans aimed at catching the commodity cycle on the next upswing. Shipments from the Ashton diamond mine and from two new coal mining projects are scheduled to begin within the next two years. By that time, the company hopes that lower world interest rates and a revival in U.S. confidence will have made the state of the present diamond market, to say nothing of the base metals, just a bad dream.

The price for this push towards the next boom is a big increase in CRA's debt—up by about A$980m in a mixture of international and locally arranged loans. After being only modestly geared, at around 25 per cent, the company has now more than doubled its outside obligations.

Electrolux

The Swedish stock market doubled last year, but although Electrolux started to move up with it, the shares came back to earth with a bump when the poor interim results were announced and remain firmly within their trading range of the past five years. Yesterday's interim figures offered little relief, with pre-tax profits rising a bare Kr 14m to Kr 275m, even though currency losses were Kr 63m lower. The main drag on profits has been Gränges, where the involvement in copper and aluminium has turned a Kr 1m profit into a loss of Kr 53m.

Although demand for household appliances is soft, Electrolux has been able to push through price rises in several markets, and with the benefit of past rationalisation measures, profits for the year should show an increase. Meanwhile, the shake-out in the European white goods industry is gathering pace. As a likely beneficiary, Electrolux may catch the eye of those brave investors considering ways of riding an upturn in consumer spending. The shares, up Kr 1 yesterday at Kr 84, offer a prospective yield of roughly twice the average of the Swedish market, at nearly 10 per cent.